Financial
Statements

The Board believes that the National Development Agency, as an agency of Government that is assured of continued Government funding, will be a going concern in the year ahead and has, for this reason, adopted the going concern basis in preparing the annual financial statements.

10.1 Report of the Audit and Risk Committee for the year ended 31 March 2010

Introduction

The Audit and Risk Committee comprises four non-executive members, two representing the Board and two external members, all of whom are independent. The Committee is scheduled to meet at least four times a year with the exception of special meetings necessitated by pressing governance issues. The external and internal auditors are present at each meeting. It is further the practice of the Audit and Risk Committee to meet both the external auditors and internal auditors, separately in private sessions, without executive management being present. The Chief Executive Officer, Chief Financial Officer, Chief Operations Officer and Legal and Risk Manager have attended all Committee meetings, at the invitation of the Chairperson of the Committee.

The current members of the Committee are:

- David Adler (Chairperson)
- Kabelo Malapela
- Kenneth Mockler
- Mmoloki Pheelwane

Five meetings were held this year.

The Audit and Risk Committee's Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from Section 38 (1) (a) of the PFMA and Treasury Regulations 3.1.13 and those resulting from its Charter.

It is the opinion of the Committee that the overall internal controls within the NDA are considered effective with some areas of improvement required. The areas of improvement have been highlighted by the Auditor-General in his management report. They are reflected in the risks identified in the risk register and the internal audit coverage plan. Management has been tasked to follow up on corrective and mitigating controls on matters raised by these various reports. As a result of this corrective action, the Committee has comfort in reporting that, except for the matters highlighted below, the NDA has and continues to have an effective, efficient and transparent system of financial and risk management and internal control.

The Audit Committee performs the role of oversight of Risk Management in the entity. It reviewed and sent on to the Board for ultimate approval, the Risk Register, which had been compiled after an extensive consultative process. This process and a fuller report of the activities of the Risk Manager are reported on page 37 under Legal and Risk report.

Through its Internal Audit function, the Committee continuously reviews the adequacy and effectiveness of the Organisation's risk management framework and the systems of internal control. The Internal Audit Section takes into consideration the risk register when planning their internal audits of the entity.

The reports of the unit are available for inspection.

Effectiveness of internal controls

The audit coverage plan was designed to ensure coverage of the prioritised risk in the NDA. Detail is provided on page 29. These included:

The results of the Internal Audit review of project visits and provincial office revealed significant control weaknesses at NDA-funded projects. The overall conclusion relating to the above audits was that while policies and systems were in place, they were not being enforced by management and were not functioning effectively.

The Audit and Risk Committee is satisfied that for the most part, the system of internal control has been effective during the year. However, the Management Report of the Auditor General highlights areas of significant deficiency. The first refers to the monitoring and management of the performance of projects. This is of continuing concern to the Audit Committee and has been reflected in reports of the Internal Audit Section. The Audit Committee will continue to review this area. The second concerns the perceived independence of the Chairperson of the Audit Committee resulting from his membership of other committees of the Board. The Auditor-General and the Audit Committee have agreed that this is a matter requiring further discussion. The Report also points to inadequacies in the Information Technology systems. These too will be reviewed in the next financial year.

Quarterly reports

For technical reasons, the Committee has not been in a position to review quarterly reports before they were submitted by the Board to the Minister of Social Development. It is however considered important to do this and will become a routine item on the Committees agenda.

Evaluation of financial statements

The Committee:

- evaluated the Annual Financial Statements and recommended that they be adopted;
- reviewed and discussed with the Auditor-General the Annual Financial Statements, the management

letter and management responses to be included in the Annual Report; and

- reviewed changes in accounting policies and practices and significant adjustments resulting from the audit.

Appreciation

I would like to recognise the constructive spirit which pervades the work of the Audit and Risk Committee and those whose inputs and work support it.

The Committee Members have been diligent and visibly passionate in their desire to assist the Board in realising its mandate. The members of management who serve the Board, including the acting CEO, the acting CFO, the Risk Manager and the members of the Internal Audit Unit have ensured that the work of the committee runs smoothly despite the difficulties associated with staff vacancies during the year. I would particularly like to appreciate the Auditor General and the sub-contracted auditors for their thorough, but always constructive approach to their task.

D Adler

Chairperson of the NDA Audit and Risk Committee

Date: 31 July 2010

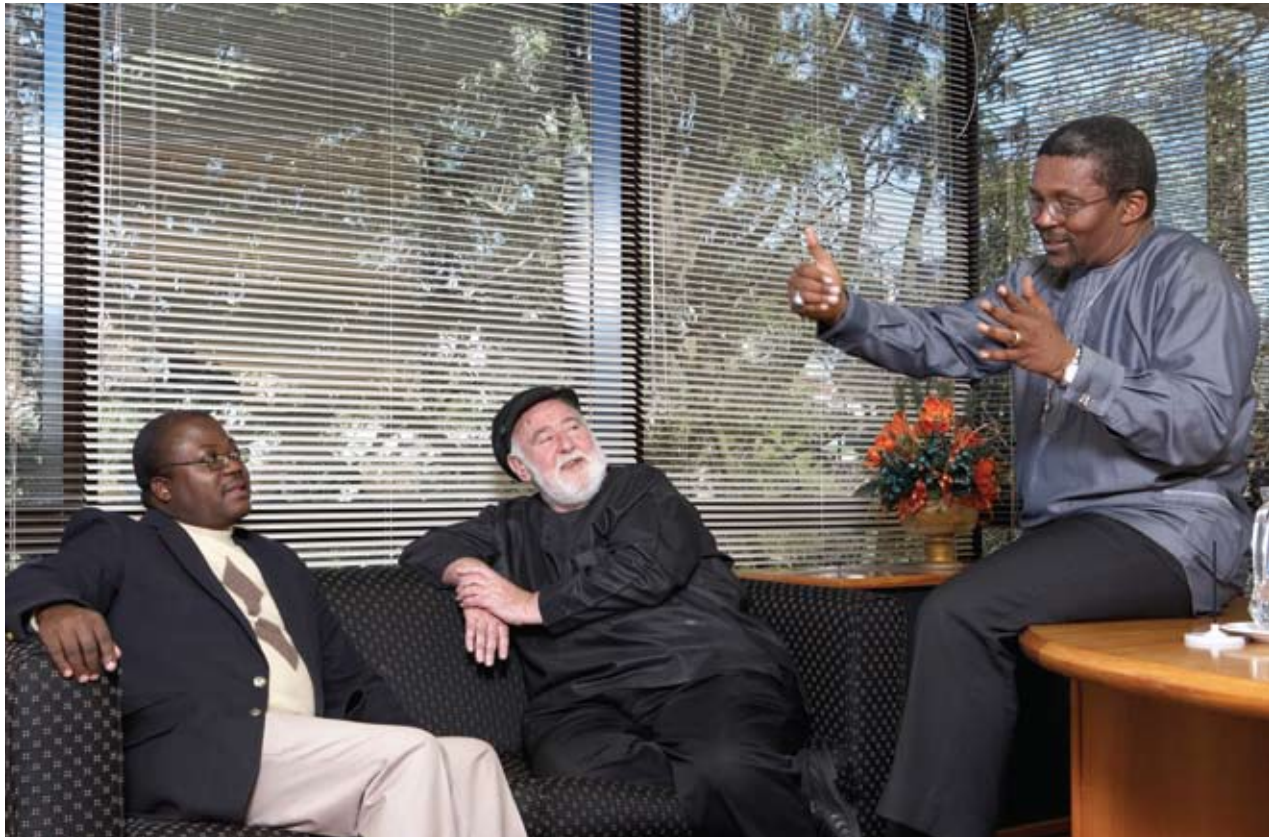
10.2 Report by the Board on the Annual Financial Statements as at 31 March 2010

This report is presented in terms of Treasury Regulation 28.1.1, the Public Finance Management Act, Act No. 1 of 1999, as amended, and is focused on the financial results and financial position of the National Development Agency. Information pertaining to the National Development Agency's state of affairs, its business and performance against pre-determined objectives are disclosed elsewhere in the annual report. The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected in note 9 of the annual financial statements.

The Board acknowledges that it is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report. In order for the Board to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act and other applicable legislation, it has developed, and maintains a system of internal controls.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and transactions executed and recorded in accordance with generally accepted business practices, as well as the Board's policies and procedures. Monitoring of these controls includes a regular review of their operations by the Board and independent oversight by an audit committee.

The financial statements are prepared in accordance with South African Statements of Generally Recognised Accounting Practice and incorporate disclosure in line with the accounting philosophy of the Board and the requirements of the Public Finance Management Act. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.



The Board believes that the National Development Agency, as an agency of Government that is assured of continued Government funding, will be a going concern in the year ahead and has, for this reason, adopted the going concern basis in preparing the annual financial statements.

The annual financial statements, as set out on pages 48 to 69 were approved by the Board on 12th of July 2010 are signed on its behalf by:

Rt Reverend Bishop M Maluvi Mpumlwana

Rashida Issel

Chairperson of the Board	Acting Chief Executive Officer

10.3 Report of the Auditor-General to Parliament on the financial statements of the National Development Agency for the year ended 31 March 2010

Report on the Financial Statements

Introduction

I have audited the accompanying financial statements of the National Development Agency, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 69.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

As required by section 188 of the Constitution of South Africa, section 4 of the Public Audit Act of South Africa and section 11 of the National Development Agency Act, my responsibility is to express an opinion on these financial statements based on my audit.

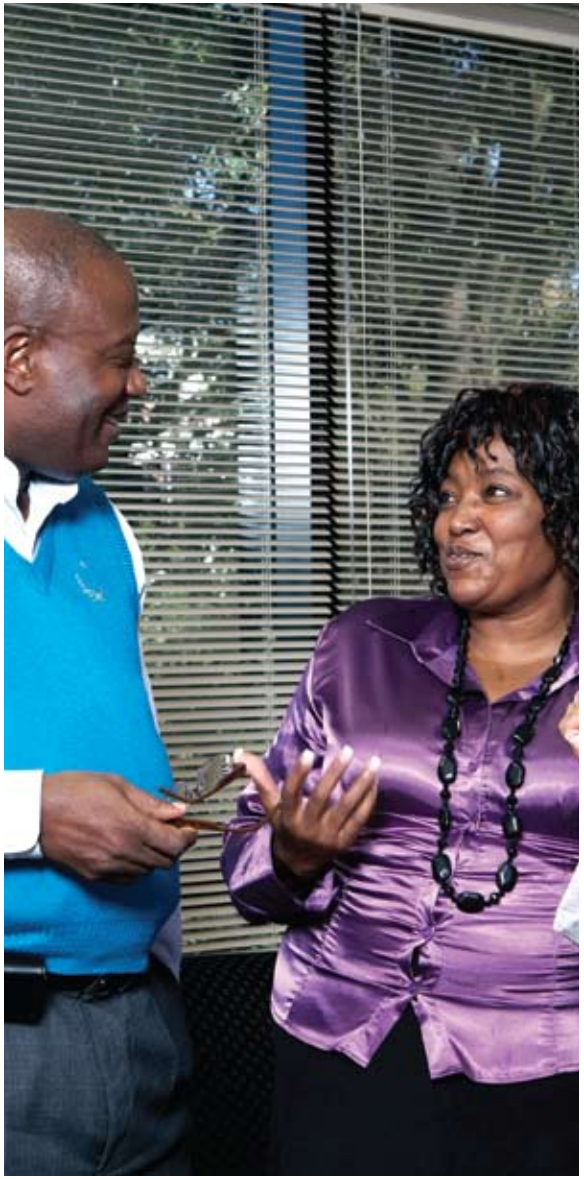
I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Development Agency as at 31 March 2010, and its financial performance and its cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice and in the manner required by the Public Finance Management Act and the National Development Agency Act of South Africa.



Emphasis of matter

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

Irregular expenditure

As disclosed in note 31 to the financial statements, irregular expenditure to the amount of R881 819 was incurred, as proper procurement process had not been followed.

Report on other legal and regulatory requirements

In terms of the Public Audit Act of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009,* I include below my findings on the report on predetermined objectives, compliance with the Public Finance Management Act of South Africa and financial management (internal control).

Findings

Predetermined objectives

There were no findings regarding predetermined objectives.

Internal control

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the Public Finance Management Act of South Africa, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit. There were no findings regarding internal control.

Other reports

Performance audit

A report to Parliament on a performance audit of projects that are funded by the National Development Agency was tabled in November 2009.

Auditor-General

Pretoria

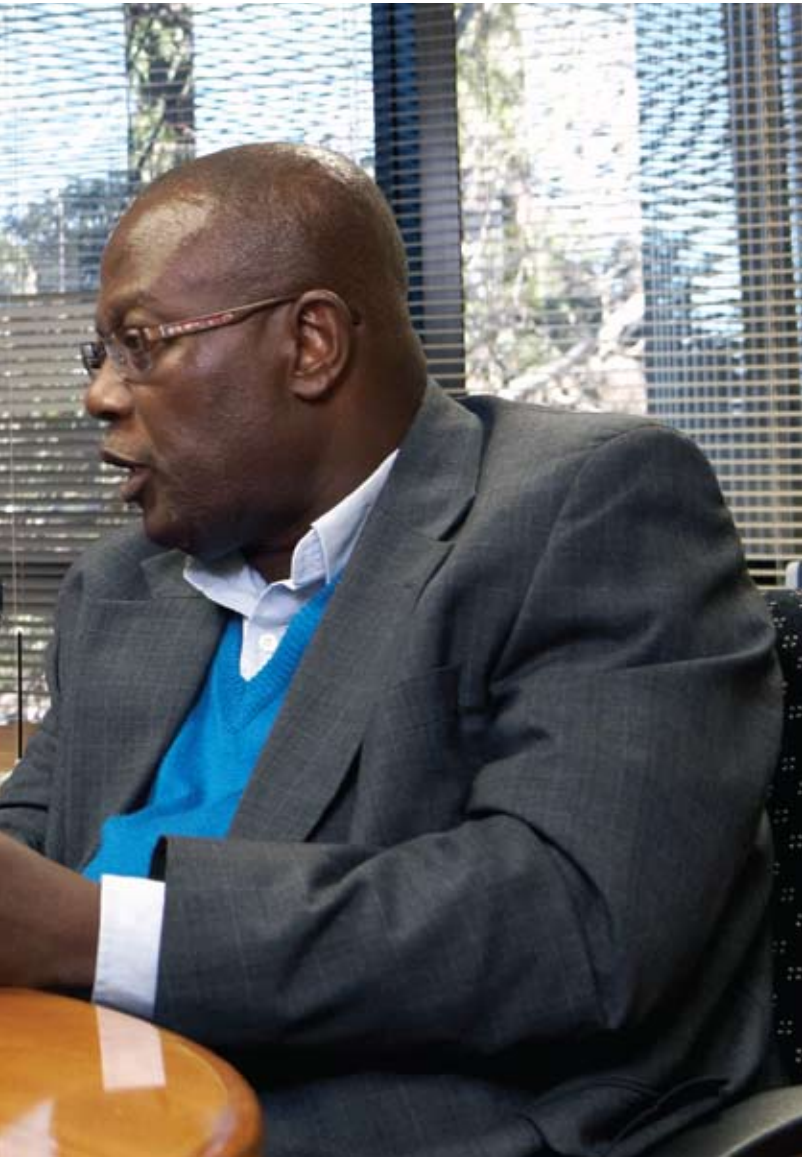
30 July 2010

Financial Contents

10.4 Statement of financial performance for the year ended 31 March 2010

	Note	2010	Restated 2009
		R	R
Revenue			
Non-exchange revenue			
Transfer revenue	5	144 782 000	136 267 000
Other income	6	949	506 854
Net finance income		16 239 085	26 675 528
Total revenue		**161 022 034**	**163 449 382**
Expenses			
Mandate expenses		**89 643 788**	**120 130 910**
Committed poverty eradication projects		94 689 034	114 236 418
Reversal of provision for committed projects		(12 361 533)	(2 818 048)
Projects monitoring and support costs		2 176 035	4 191 700
Business plans and compliance audits		993 539	217 914
Due-diligence reviews		1 448 744	1 977 287
Baseline studies and project evaluations		1 189 229	596 524
RFP advertising		88 107	-
Studies and research commissioned		209 500	-
Projects branding and launches		306 930	976 883
Capacity building (training for funded projects)		904 203	752 232
Administration expenses		**72 654 395**	**75 297 999**
Accommodation and travel		4 732 224	3 120 987
Audit fees		1 291 109	2 272 297
Board fees	9.1	1 800 038	1 269 137
Consulting and professional fees		2 341 546	5 240 474
Depreciation and amortisation	12	1 534 898	1 237 816
(Profit)/Loss on disposal of assets		(48 732)	217 562
Marketing and communication costs	7	1 089 994	1 216 973
Operating leases		5 246 543	5 107 913
Repairs and maintenance		671 827	892 412
Printing and stationery		1 047 685	1 343 544
Seminars, workshops and conferences		795 964	1 617 057
Staff costs	10	46 396 708	43 292 915
IT communications costs		1 770 069	1 376 173
Telephone and faxes		961 588	1 612 866
Relocation of offices		-	2 343 266
Miscellaneous expenses	8	3 022 932	3 136 607
Net (deficit) for the year		**(1 276 149)**	**(31 979 527)**

10.5 Statement of financial position as at 31 March 2010

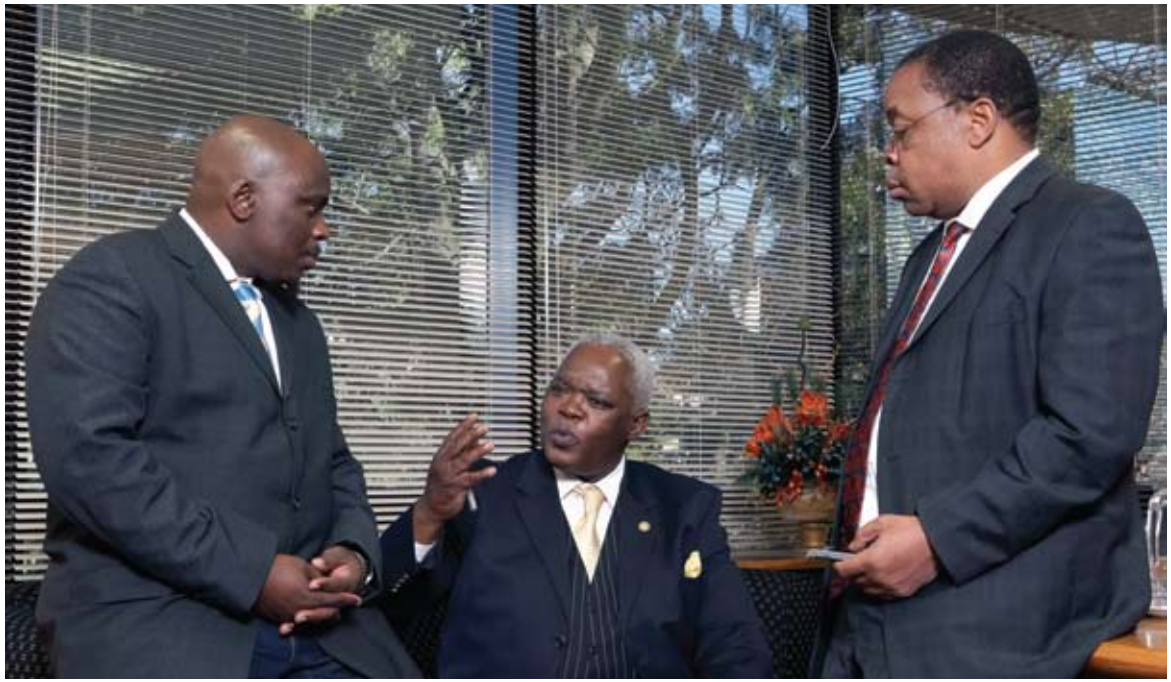


	Note	2010	Restated 2009
		R	R
Assets			
Current assets			
Cash and cash equivalents	14	216 141 107	246 519 366
Exchange receivables	15	1 299 604	2 049 660
		217 440 711	**248 569 026**
Non-current assets			
Property, plant and equipment	12	3 772 131	3 897 567
Intangible asset	13	1 045 302	1 434 122
		4 817 433	**5 331 689**
Total assets		**222 258 144**	**253 900 715**
Liabilities			
Current liabilities			
Payables	16	4 431 091	6 915 583
Short-term employee benefits	17	3 108 139	2 932 697
Provision for committed projects	19	150 105 053	179 641 909
European union	18	22 512 065	21 668 312
		180 156 348	**211 158 501**
Total liabilities		**180 156 348**	**211 158 501**
Net assets		**42 101 796**	**42 742 215**
Represented by:			
IDT establishment fund		40 956 399	40 956 399
Accumulated surplus		1 145 397	1 785 816
Total net assets		**42 101 796**	**42 742 215**
Total liabilities and net assets		**222 258 144**	**253 900 715**

10.6 Statement of changes in net assets for the year ended 31 March 2010

	Note	Development fund (See note 3)	Accumulated funds	Total
		R	R	R
Balance at 1 April 2008		**40 956 399**	**32 242 989**	**73 199 388**
Net deficit for the year		-	(31 979 527)	(31 979 527)
Adjustment of committed projects		-	1 522 354	1 522 354
Restated balance at 31 March 2009		**40 956 399**	**1 785 816**	**42 742 215**
Net deficit for the year		-	(1 276 149)	(1 276 149)
Adjustments to accumulated funds		-	635 730	635 730
Balance at 31 March 2010		**40 956 399**	**1 145 397**	**42 101 796**

"The Board acknowledges that it is responsible for the preparation and integrity of the annual financial statements and related information included in the annual report.



10.7 Cash flow statement for the year ended 31 March 2010

	Note	2010	Restated 2009
		R	R
Cash flows from operating activities			
Receipts			
Transfer revenue		144 782 000	136 267 000
Interest received		16 239 085	26 675 528
Receipts from debtors		770 056	1 987 350
Other receipts		949	3 272 320
Payments			
To employees		(46 164 305)	(40 917 958)
To projects		(111 133 336)	(118 077 330)
To suppliers		(33 868 868)	(40 242 702)
Net cash outflows from operating activities	20	**(29 374 419)**	**(31 035 792)**
Cash outflows from investing activities			
Acquisition of property, plant and equipment		(1 277 513)	(924 699)
Acquisition of intangible assets		-	(222 803)
Proceeds from the disposal of property, plant and equipment		273 673	52 582
Net cash flows from investing activities		**(1 003 840)**	**(1 094 920)**
Net decrease in cash and cash equivalent		**(30 378 259)**	**(32 130 712)**
Cash and cash equivalents at beginning of year		**246 519 366**	**278 650 078**
Cash and cash equivalents at end of year		**216 141 107**	**246 519 366**

1. Accounting policies

1.1 Principal accounting policies

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year, except as referred to in note 1.2.

1.2 Basis of preparation

The financial statements have been prepared in accordance with the South African Statements of Generally Recognised Accounting Practices (GRAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP		Replaced Statement of GAAP	
GRAP 1:	Presentation of financial statements	AC101:	Presentation of financial statements
GRAP 2:	Cash flow statements	AC118:	Cash flow statements
GRAP 3:	Accounting policies, changes in accounting estimates and errors	AC103:	Accounting policies, changes in accounting estimates and errors
GRAP 13:	Leases	AC105:	Leases
GRAP 14:	Events after reporting date	AC107:	Events after balance sheet date
GRAP 17:	Property, plant and equipment	AC123:	Property, plant and equipment
GRAP 19:	Provisions, contingent liabilities and contingent assets	AC130:	Provisions, contingent liabilities and assets
GRAP 102:	Intangible assets	AC129:	Intangible assets

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2, 3 and 19 has resulted in the following significant changes in the presentation of the financial statements:

1.2.1 **Terminology differences:**

Standard of GRAP	Replaced Statement of GAAP
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/Deficit for the period	Profit/Loss for the period
Accumulated surplus/deficit	Retained earnings
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

1.2.1.1 The following GRAP statements have been issued by the Accounting Practice Board, but were not effective at reporting date and were considered in development of applicable Accounting Policies:

- GRAP 18 – Segment reporting
- GRAP 21 – Impairment of non-cash generating assets
- GRAP 23 – Revenue from non-exchange transactions
- GRAP 24 – Budget information
- GRAP 25 – Employee benefits
- GRAP 26 – Impairment of cash-generating assets
- GRAP 103 – Heritage assets
- GRAP 104 – Financial instruments

1.2.2 The cash flow statement can only be prepared in accordance with the direct method in accordance with GRAP 1.

1.2.3 Specific information, such as the following, must be presented separately on the statement of financial position in accordance with GRAP 1.

(a) Receivables from non-exchange transactions, including taxes and transfers
(b) Taxes and transfers payable
(c) Trade and other payables from non-exchange transactions

1.2.4 The amount and nature of any restrictions on cash balances is required and has been disclosed in note 14.

1.2.5 The NDA has applied the provisions of paragraph 14 of GRAP 1, which requires reconciliation between the statement of financial performance and the budget to be included in the financial statements, and has opted for option 2.

1.3 Functional and presentation currency

These financial statements are presented in the South African Rand, which is the entity's functional currency. All financial information presented in the South African Rand has been rounded off to the nearest rand.

1.4 Committed projects

Committed project funds represent funds committed, and allocated to specific projects for which contracts have been entered into, and which await cash payments in terms of payment cycles per agreed contracts.

1.5 Project withdrawal

A project will be withdrawn from committed project funds when the project no longer meets the requirements of a liability, i.e. there is no present obligation arising from past events, and it is not probable that settlement of the liability will result in an outflow of economic benefits.

1.6 Property, plant and equipment

Property, plant and equipment comprising; computer equipment, office equipment, furniture and motor vehicles is stated at cost less accumulated depreciation and any accumulated impairment losses.

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

Subsequent expenditure relating to an item of property, plant and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

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

Depreciation is charged on the straight-line basis over the estimated useful lives of assets. The revised estimated maximum useful lives of property, plant and equipment are as follows:

Computer equipment	3 – 8 years
Equipment	6 – 10 years
Furniture	6 – 10 years
Motor vehicles	5 years

The useful lives, depreciation methods and the residual values are reviewed on an annual basis at the end of each financial year.

The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of financial performance as they are incurred. Leasehold improvements and minor asset items are also recognised directly in the statement of financial performance.

1.7 Intangible assets

Intangible assets that are acquired, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognised in surplus or deficit as incurred.

Amortisation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Intangible assets are amortised on the straight-line basis over the estimated useful lives of five years.

The surplus or deficit arising from the de-recognition of an intangible asset is recognised as the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The surplus or deficit from de-recognition of an intangible asset is recognised in the statement of financial performance when the asset is derecognised.

1.8 Impairment

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than inventories, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use.

In assessing value in use, the expected future cash flows from the asset 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. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised in the statement of financial performance whenever the carrying amount of the cash-generating unit exceeds its recoverable amount.

A previously recognised impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment been recognised in prior years.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in surplus or deficit.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in surplus or deficit.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is

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

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the period of the lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

1.10 Financial instruments

Non-derivative financial instruments

The entity's non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through surplus or deficit, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Financial instruments are accounted for at settlement date using the settlement amount.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Loans and receivables and financial liabilities measured at amortised cost

These non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Financial assets for which fair value approximates carrying value

Fair values of financial assets carried at cost, including cash, deposits with banks, trade receivables, short-term receivables and accrued interest are considered to approximate their respective carrying values due to their short-term nature.

Financial liabilities for which fair value approximates carrying value

The fair values of trade and other payables and accrued liabilities are considered to approximate their respective carrying values due to their short-term nature.

Offset

Where a legally enforceable right of offset exists for recognised non-derivative financial instruments, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.11 Revenue

1.11.1 Non-exchange revenue

Transfer revenue

Transfer revenue is an unconditional government grant related to operational costs that is measured at fair value of the consideration received and is recognised in surplus or deficit when the transfer becomes receivable, and none of the revenue is deferred.

1.11.2 Exchange revenue

Exchange revenue is measured at the fair value of the consideration received or receivable. Exchange revenue comprises finance income and other operating income, and is recognised when it is probable that future economic benefits will flow to the entity and these benefits can be measured reliably.

Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, in surplus or deficit using the effective interest rate method, taking account of the principal outstanding and the effective rate over the period to maturity.

1.12 Finance costs

Finance costs comprise the interest expense on unwinding of the discount on provisions and impairment losses recognised on financial assets.

1.13 Provisions

Provisions are recognised when:

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

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation.

The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

A provision for an onerous contract is recognised when the expected benefits to be derived by the entity from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract, and the expected net cost of continuing with the contract. Before a provision is established, the entity recognises any impairment loss on the assets associated with that contract.

1.14 Employee benefits

Post-employment benefits

Retirement

The entity contributes to a defined contribution plan. A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity, and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Medical

No contributions are made by the entity to the medical aid of retired employees.

Short- and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, medical and other contributions is recognised during the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid under the short-term performance bonus policy and any leave pay accrued to employees, if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The entity recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without the possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

1.15 Foreign currency transactions

A foreign currency transaction is recorded on initial recognition in Rands, 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.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.16 Comparatives

The presentation of comparative amounts has been amended, where necessary, to comply with the requirements of GRAP 1 *Presentation of Financial Statements*. In particular, the presentation of the comparative results in the statement of financial performance have been amended.

2. Public sector practices and policies

2.1 Related parties

The National Development Agency operates as a public entity within the influence sphere of the National Department of Social Development. In line with prevailing South African Government practices, the National Development Agency is not obliged to reimburse the national department for time spent by its officials on matters pertaining to the National Development Agency. The extent of this involvement is not quantifiable and has, consequently, not been disclosed in the financial statements.

2.2 Irregular, fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Irregular expenditure means expenditure incurred in contravention of or not in accordance with a requirement of any applicable legislation including the Public Finance Management Act (PFMA) and regulations issued in terms of the PFMA by National Treasury. All irregular, fruitless and wasteful expenditure is charged against surplus/deficit in the period in which it is incurred.

3. Funds under administration

3.1 Development fund

It represents funds provided by the Independent Development Trust to establish the National Development Agency.

4. Legal form and registered office on the NDA

The NDA is a Schedule 3 A public entity in terms of the PFMA and was established in terms of the NDA Act No 108 of 1998, as amended. The entity's registered offices are as follows:

31 Princess of Wales
Parktown
Johannesburg
2001

	2010	2009
	R	R

5. Non-exchange revenue

Transfer revenue	144 782 000	136 267 000

6. Other income

Proceeds from disposal of property, plant and equipment	-	52 582
Refunds from projects	-	400 244
Interest on staff advances	949	54 028
	949	**506 854**

7. Marketing and communication costs

Advertising	319 310	512 121
Promotional materials	300 658	298 082
Stakeholder engagements	470 026	406 770
	1 089 994	**1 216 973**

8. Miscellaneous

IT support	-	283 689
Bank charges	856 231	359 290
Board meetings admin costs	217 635	171 821
Catering	206 452	414 663
Cleaning services	113 533	395 455
Insurance	299 308	308 469
Postage and courier	346 549	329 182
Security services	106 735	90 922
Partnerships	73 502	25 000
Media monitoring	64 782	-
Software licence renewals	425 252	700 413
Subscriptions and memberships	96 355	57 703
IT consumables	216 598	-
	3 022 932	**3 136 607**

9. Salaries, allowances and fees paid to members of the Board and executive management

9.1 31 March 2010 – Board fees	Appointment date	Termination date	Fees for services as Board member
			R
Members of the Board			
Bishop M Mpumlwana	05/12/2003	-	242 757
Prof T Mayekiso	05/12/2003	-	270 320
Ms M Manong	05/12/2003	-	176 600
Mr D Adler	24/10/2007	-	229 738
Mr M Madzivhandila	24/10/2007	-	185 588
Rev N Maphalala	24/10/2007	-	-
Dr W Mgoqi	24/10/2007	-	145 600
Mr P Mokobane	24/10/2007	-	154 560
Chief P Ngove	24/10/2007	-	123 200
Mr M Pheelwane	24/10/2007	-	125 439
Audit Committee – Independent members			
Mr K Mockler	31/03/2008	-	56 636
Ms K Malapela	17/05/2004	-	17 920
HR Committee – Independent members			
Mr M Faku	27/01/2006	-	58 240
Dr T Masilela	03/12/2003	-	13 440
Total			**1 800 038**

9.1 31 March 2009 – Board fees	Appointment date	Termination date	Fees for services as Board member
			R
Members of the Board			
Bishop M Mpumlwana	05/12/2003	-	89 111
Prof T Mayekiso	05/12/2003	-	186 034
Ms M Manong	05/12/2003	-	126 514
Mr D Adler	24/10/2007	-	177 368
Mr M Madzivhandila	24/10/2007	-	123 682
Rev N Maphalala	24/10/2007	-	-
Dr W Mgoqi	24/10/2007	-	114 920
Mr P Mokobane	24/10/2007	-	133 620
Chief P Ngove	24/10/2007	-	105 220
Mr M Pheelwane	24/10/2007	-	126 668
Audit Committee – Independent members			
Mr K Mockler	31/03/2008	-	19 440
Ms K Malapela	17/05/2004	-	12 960
HR Committee – Independent members			
Mr M Faku	27/01/2006	-	45 120
Dr T Masilela	03/12/2003	-	8 480
Total			**1 269 137**

9. Salaries, allowances and fees paid to members of the Board and executive management (continued)

9.2 31 March 2010 – Executive Management remuneration		Appointment date	Termination date	Basic salary	Performance bonus	Contributions to retirement, medical and life cover benefits	Total
				R	R	R	R
Name	**Designation**						
Mr MR Mogano	Director Projects	01/07/2003	-	827 837	21 997	202 198	1 052 032
Ms LC Mangcu	Director Marketing and Communication	05/05/2003	-	811 079	21 803	198 266	1 031 148
Ms H Mansour	Director Internal Audit	24/11/2005	-	854 419	15 404	170 840	1 040 663
Prof P Ewang	Director Research and Development	24/11/2005	-	795 036	30 524	224 784	1 050 344
Ms R Issel	Chief Operating Officer	01/08/2007	-	980 547	-	130 786	1 111 333
Mr S Lewatle	Director Human Resources	01/11/2008	-	830 593	9 085	134 184	973 862
Ms KE Kemp	Company Secretary	01/06/2008	28/02/2010	637 375	15 710	142 437	795 522
Mr DM Ncube	Chief Financial Officer	01/10/2008	31/07/2009	321 404	-	62 727	384 131
Total				**6 058 290**	**114 523**	**1 266 222**	**7 439 035**

9.2 31 March 2009 – Executive Management remuneration		Appointment date	Termination date	Basic salary	Severance payout	Performance bonus	Contributions to retirement, medical and life cover benefits	Total
				R	R	R	R	R
Mr G Mokate	Chief Executive Officer	01/06/2005	31/03/2009	950 487	1 310 112	-	272 744	2 533 343
Mr M Mofokeng	Chief Financial Officer	01/12/2004	30/09/2008	493 549	-	-	94 218	587 767
Ms K Kemp	Company Secretary	01/06/2008	-	561 463	-	-	98 537	660 000
Mr DM Ncube	Chief Financial Officer	01/10/2008	-	167 157	-	-	46 034	213 191
Mr S Lewatle	Director Human Resources	01/11/2008	-	253 345	-	-	82 168	335 513
Ms J Jeftha	Director Human Resources	01/07/2007	01/07/2008	309 894	-	-	66 811	376 705
Mr MR Mogano	Director Projects	01/07/2003	-	775 600	-	15 043	173 346	963 989
Ms LC Mangcu	Director Marketing and Communication	05/05/2003	-	711 589	-	27 853	35 000	774 442
Ms H Mansour	Director Internal Audit	24/11/2005	-	732 866	-	15 050	167 277	915 193
Prof P Ewang	Director Research and Development	24/11/2005	-	730 510	-	17 928	210 195	958 633
Ms R Issel	Chief Operating Officer	01/08/2007	-	852 126	-	10 600	142 441	1 005 167
Total				**6 538 586**	**1 310 112**	**86 474**	**1 388 771**	**9 323 943**

10. Staff costs

Department	2010		2009	
	Amount	% split	Amount	% split
Mandate functions	**25 577 785**	**63%**	**22 873 166**	**58%**
Projects provincial cost	18 873 234	47%	17 334 841	44%
Projects national cost	3 615 879	9%	3 252 318	8%
Research and development	3 088 672	7%	2 286 007	6%
Governance functions	**6 400 559**	**15%**	**4 725 852**	**12%**
Internal audit	2 606 701	6%	3 286 022	8%
Risk, legal and entity secretary	3 793 858	9%	1 439 830	4%
Marketing and communication	**2 590 728**	**6%**	**2 459 066**	**6%**
Marketing and communication	2 590 728	6%	2 459 066	6%
Support functions	**6 909 168**	**16%**	**9 595 334**	**24%**
CEO's office	-	-	3 916 110	10%
Finance and information technology	4 294 945	10%	3 650 095	9%
Human Resources	2 614 223	6%	2 029 129	5%
Total	**41 478 240**	**100%**	**39 653 418**	**100%**

Other staff costs	**4 918 468**	**3 639 497**
Staff training costs	597 484	652 597
Performance bonus	978 419	1 529 768
Other staff-related costs	3 342 565	1 457 132
Total staff costs	**46 396 708**	**43 292 915**

11. Reconciliation of budget surplus with the deficit in the statement of financial performance

Net deficit per statement of financial performance	(1 276 149)
Adjusted for:	
Leave payment provision	519 078
Lease smoothing adjustment	148 581
Surplus on disposal of property, plant and equipment	(48 732)
Depreciation and amortisation	1 534 898
Write-back of previously committed projects	(12 361 533)
Commitments from prior year approvals	12 107 845
Capital expenditure	(623 989)
Net deficit per approved budget	**(1)**

12. Property, plant and equipment

	Depreciation rate	Cost	Accumulated depreciation	Carrying amount
	%	R	R	R
31 March 2010				
Computer equipment	12.50 - 33.33	3 464 084	2 067 576	1 396 508
Office equipment	10.00 - 16.67	1 688 980	598 596	1 090 383
Furniture	10.00 - 16.67	2 035 951	763 043	1 272 908
Motor vehicles	20.00	263 918	251 586	12 332
		7 452 933	**3 680 801**	**3 772 131**

Reconciliation of carrying amounts:

	Computer equipment	Office equipment	Furniture	Motor vehicles	Total
	R	R	R	R	R
Restated carrying amount 1 April 2009	**1 412 369**	**1 046 594**	**1 373 489**	**65 116**	**3 897 568**
Additions during the year	833 004	344 499	100 010	-	1 277 513
Disposals during the year	(116 674)	(13 424)	-	-	(130 098)
Adjustment to accumulated funds	(39 161)	8 030	-	-	(31 131)
Impairments	-	(95 642)	-	-	(95 642)
Adjusted depreciation during the year	(693 031)	(199 672)	(200 591)	(52 784)	(1 146 078)
Carrying amount 31 March 2010	**1 396 507**	**1 090 385**	**1 272 908**	**12 332**	**3 772 131**

Proceeds from insurance to the value of R 274 413 to replace assets stolen during the year have been included in reported deficits.

	Depreciation rate	Cost	Accumulated depreciation	Carrying amount
	%	R	R	R
31 March 2009				
Computer equipment	33,33	2 837 772	1 425 403	1 412 368
Office equipment	16,67	1 451 570	404 976	1 046 594
Furniture	16,67	1 935 965	562 476	1 373 489
Motor vehicles	20,00	263 918	198 802	65 116
		6 489 226	**2 591 658**	**3 897 567**

Reconciliation of carrying amounts:

	Computer equipment	Office equipment	Furniture	Motor vehicles	Total
	R	R	R	R	R
Carrying amount 1 April 2008	**1 543 600**	**994 022**	**1 406 184**	**117 899**	**4 061 705**
Additions during the year	641 955	204 155	78 589	-	924 699
Disposals during the year	(43 443)	(20 641)	(153 478)	-	(217 562)
Depreciation during the year	(729 744)	(130 942)	42 194	(52 783)	(871 275)
Restated carrying amount 31 March 2009	**1 412 368**	**1 046 594**	**1 373 489**	**65 116**	**3 897 567**

12.1 Prior year's error

NDA's accounting policy requires that the useful lives and residual values of property, plant and equipment be reviewed annually. This was not completed in the prior period. Accumulated depreciation to the 2009 financial year-end has been recalculated in line with revised estimated useful lives and the effect of this error is an increase in accumulated funds at 31 March 2009 of R582 984.

12.2 Change in estimate

In terms of the requirements of GRAP 17 Property, Plant and Equipment, the useful lives of all assets were reviewed by management at year-end. The remaining useful life expectations of some asset items differed from previous estimates. This resulted in a revision of some of the previous estimates, which was accounted for as a change in accounting estimate. The effect of this revision is a decrease of R446 042 in the depreciation charges for the current period ended 31 March 2010.

13. Intangible assets

	Amortisation rate	Cost	Accumulated amortisation	Carrying amount
	%	R	R	R
31 March 2010				
ERP system	20,00	1 721 303	831 963	889 340
Project monitoring system	20,00	222 802	66 840	155 962
		1 944 105	**898 803**	**1 045 302**

Reconciliation of carrying amounts:

	ERP software system	Project monitoring software system	Total
	R	R	R
Carrying amount 1 April 2009	1 233 600	200 520	1 434 122
Amortisation during the year	(344 260)	(44 560)	(388 820)
Carrying amount 31 March 2010	**889 340**	**155 960**	**1 045 302**

14. Cash and cash equivalents

	2010	2009
	R	R
Cash on hand	25 590	24 601
Call and current accounts	75 231 688	51 264 909
Money market accounts	124 777 131	179 965 923
Call and current accounts – EU	16 106 698	15 263 933
	216 141 107	**246 519 366**

The investments and bank balances are held at reputable South African banks and none of the cash is encumbered. Cash and cash equivalents to the value of R16 106 698 are not available for use by the entity, in terms of the financing agreement between the European Union and the Government of South Africa.

15. Exchange receivables

	2010	2009
	R	R
Loans and receivables		
Employee-related advances	4 830	31 087
Interest accrued	889 165	1 580 425
Loans and receivables	**893 995**	**1 611 512**
Other receivables		
Rental deposits	194 700	128 401
Warranty debtors	210 909	309 747
Other receivables	**405 609**	**438 148**
Total loans and other receivables	**1 299 604**	**2 049 660**

The above other exchange receivables were not considered for ageing and credit quality, because these were not considered trade receivables. For all other categories of receivables, there is no credit risk except for rental deposits.

16. Trade and other payables

	2010	2009
	R	R
Financial liabilities measured at amortised cost		
Trade creditors	3 000 341	5 650 694
Staff creditors (travel claims)	67 522	146 126
Operating lease liabilities	475 409	314 137
Other creditors	887 819	804 626
Financial liabilities measured at amortised cost	**4 431 091**	**6 915 583**

The above creditors are not past their due dates, and the terms and conditions of these creditors have not been renegotiated.

17. Short-term employee benefits

	2010	2009
	R	R
Accrual for leave		
- Opening balance	1 582 977	2 004 410
- Movement	255 537	(421 433)
- Closing balance	**1 838 514**	**1582 977**
Accrual for 13th cheque		
- Opening balance	424 910	509 090
- Provision raised	1 666 574	1 829 145
- Pay-out	(1772 899)	(1 913 325)
- Closing balance	**318 585**	**424 910**
Accrual for performance bonus		
- Opening balance	924 810	-
- Provision raised	951 040	924 810
- Pay-out	(924 810)	-
- Closing balance	**951 040**	**924 810**
Total employee benefits accruals	**3 108 139**	**2 932 697**

18. European Union payable

	2010	2009
	R	R
Ineligible expenditure	5 605 656	5 605 656
Interest earned on EU funds	9 100 263	8 256 510
Withdrawn commitments	7 806 146	7 806 146
	22 512 065	**21 668 312**

The NDA is currently in negotiations with the EU to use these funds for NDA own operations.

19. Provision for committed projects

Represents funds allocated and committed to specific projects and programmes for which contracts have been entered into, and awaiting cash payments in terms of agreed upon payment cycles.

	2010	2009
	R	R
Opening balance	**179 641 909**	**188 209 136**
Committed poverty eradication projects	94 689 034	114 236 418
Cash disbursements in terms of committed projects	(111 133 336)	(118 077 330)
Write backs/projects withdrawn	(12 367 533)	(2 818 048)
Adjustment of committed projects	-	(1 522 354)
Adjustment of committed projects	(725 021)	(385 913)
	150 105 053	**179 641 909**

20. Note to the cash flow statement

	2010	Restated 2009
	R	R
Deficit from operations	(1 276 149)	(31 979 527)
Adjusted for non-cash flow items:		
Depreciation of property, plant and equipment	1 146 078	871 275
Amortisation of Intangible assets	388 820	366 541
Impairments of assets	95 642	-
Net profit/(loss) on retirement of PPE	(144 374)	164 980
Adjustment of projects to administration fund	-	1 522 354
Operating deficit before changes in working capital	**210 017**	**(29 054 377)**
Decrease in accounts receivable	770 056	1 987 350
Increase/(Decrease) in accounts payable and provisions	(2 308 247)	3 278 918
Increase in EU payable	843 753	1 319 544
Decrease in committed projects	(28 889 998)	(8 567 227)
Net cash outflow from operating activities	**(29 374 419)**	**(31 035 792)**

21. Financial risk management

The entity has exposure to the following risks from the use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the entity's exposure to each of the above risks, the entity's objectives, policies and processes for measuring and managing risk, and the entity's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board has the overall responsibility for the establishment and oversight of the entity's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the entity's risk management policies. The committee reports regularly to the Board on its activities.

The entity's risk management policies are established to identify and analyse the risks faced by the entity, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the entity's activities. The entity, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in full, thereby causing loss to the entity. This risk is being managed by the entity by only investing funds at large reputable financial institutions in the Republic of South Africa.

Liquidity risk

Liquidity risk is the risk that the counter-party to a financial asset will default on its obligation, in part or in full, due to not having cash flows to settle an obligation when it falls due. This risk is being managed by the entity by only investing funds at large reputable financial institutions in the Republic of South Africa.

Interest rate risk

Interest rate risk is the risk that the value of a financial asset will fluctuate due to movements in market interest rates. The entity is exposed to interest rate risk as certain investments are held in money market call accounts.

22. Financial Instruments

Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit risk exposure of the entity. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2010 R	Carrying amount 2009 R
Cash and cash equivalents	216 141 107	246 519 366
Trade and other receivables	1 294 264	2 049 660
	217 435 371	**248 569 026**

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

Private institutions	1 294 774	2 018 573
Employee advances	4 830	31 087
	1 299 604	**2 049 660**

Impairment losses

There is no movement in the allowance for impairment in respect of other receivables during the year, because these debtors are not considered as trade receivables.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 March 2010	Carrying amount R	Contractual cash flows R	6 months or less R	6 – 12 months R	12 months or more R
Trade and other payables	4 431 092	4 431 092	4 431 092	-	-
Short term employee benefits	3 108 140	3 108 140	951 040	2 157 100	-
Provision for committed projects	150 105 053	150 105 053	123 213 562	20 793 658	6 012 655
European Union payable	22 512 065	22 512 065	22 512 065	-	-
	180 156 350	**180 156 350**	**151 107 759**	**22 950 758**	**6 012 655**

31 March 2009	Carrying amount R	Contractual cash flows R	6 months or less R	6 – 12 months R	12 months or more R
Trade and other payables	6 915 584	6 915 584	6 915 584	-	-
Short term employee benefits	2 932 697	2 932 697	9 248 010	2 007 887	-
Provision for committed projects	179 641 909	179 641 909	102 170 130	70 286 103	7 185 676
European Union payable	21 668 312	21 668 312	-	21 668 312	-
	211 158 502	**211 158 502**	**118 333 724**	**93 962 302**	**7 185 676**

Interest rate risk

Profile

At the reporting date the interest rate profile of the entity's interest bearing financial instruments was:

	Carrying amount	
	2010	2009
	R	R
Cash and cash equivalents		
Variable rate instruments	216 141 107	246 519 366
	216 141 107	**246 519 366**

EU payable

	Carrying amount	
	2010	2009
	R	R
Variable rate instrument	22 512 065	21 668 312

Cash flow sensitivity analysis for variable rate instrument

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) net assets and the net surplus/deficit by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Net surplus / deficit
	100 bp decrease
	R
Variable rate instrument at 31 March 2010	(2 161 411)

Fair value

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown on the balance sheet, are as follows:

	31 March 2010		31 March 2009	
	Carrying amount	Fair value	Carrying amount	Fair value
	R	R	R	R
Cash and cash equivalents	216 141 107	216 141 108	246 519 366	246 519 366
Trade and other receivables	1 299 604	1 299 604	2 049 660	2 049 660
Trade and other payables	(4 431 091)	(4 431 091)	(6 915 584)	(6 915 584)
Committed projects	(150 105 053)	(150 105 053)	(79 641 909)	(79 641 909)
European Union payables	(22 512 065)	(22 512 065)	(21 668 312)	(21 668 312)
Short term employee benefits	(3 108 139)	(3 108 139)	(2 932 697)	(2 932 697)
	37 284 363	**37 284 361**	**137 410 523**	**137 410 523**

23. Taxation

No provision has been made for Income tax as the National Development Agency is exempt from Income tax in terms of Section 30 of the Income Tax Act 1962 as amended.

24. Committed operating leases

31 March 2010	R	R	R
	Not later than 1 year	Between 2 and 5 years	Later than 5 years
Total future minimum lease payments under non-cancellable operating leases.	4 180 025	2 743 200	-

31 March 2009	R	R	R
	Not later than 1 year	Between 2 and 5 years	Later than 5 years
Total future minimum lease payments under non-cancellable operating leases.	4 198 258	6 519 485	-

25. Guarantees

A bank guarantee for an amount of R300 000 (2009: R300 000) has been issued by BOE Bank as a continuing covering security for the payment of monies due by the National Development Agency, in respect of the lease of premises at 31 Princess of Wales, Parktown.

26. Commitments

26.1 Project commitments

At the end of the current financial year the Board of the NDA had approved grants to the amount of R9 207 597. In all cases the grantees had been notified of the approval of the grant but final legal sign-off of the agreement between the NDA and the grantees had not yet been effected at year-end. There are no uncertainties around the timing and amount of future cash outflows associated with these grant approvals, and there are no possibilities of reimbursements. The expenditure will be incurred within a year.

26.2 Committed project evaluations

At the end of the financial year the Board of the NDA had approved and ring-fenced an amount of R3 081 000 for project evaluations. The expenditure has not yet been incurred at the end of the financial year.

27. Contingent liabilities

The NDA is currently a defendant in two labour cases lodged by former employees at the CCMA. The outcomes of these cases are not certain at reporting date and the possibility of outflows could not be determined.

28. Contingent assets

During the criminal investigation of the accounts clerk who misappropriated NDA funds, assets to the value of R2 700 000 were recovered by the Asset Forfeiture Unit (AFU). The AFU will pay over the balance of the liquidated assets less their expenses, over to the NDA. At the reporting date the AFU was still to apply for a realisation order prior to paying over the liquidated recovered assets less their administrative costs to the NDA.

29. Events after reporting date

The key strategic positions of Chief Financial Officer and Chief Executive Officer that were vacant at year-end were filled in May and June 2010 respectively.

30. Related Party Transactions

30.1 Department of Social Development

A related party relationship exists between the NDA and the Department of Social Development. The two parties did not enter into any transactions with each other, save for the transfer of the annual grant by the Department of Social Development to the NDA.

30.2 Directors and key management personnel

A related party relationship exists between the NDA, its directors and key management personnel. The only transactions between the three parties relate to remuneration for services rendered, and have been disclosed in note 9.

31. Irregular fruitless and wasteful expenditure

Section 51(e) of the PFMA requires the accounting authority of a public entity to take effective and appropriate disciplinary steps against any employee of the public entity who:

(a) contravenes or fails to comply with a provision of this ACT;

(b) commits an act which undermines the financial management and internal control system of the public entity; or

(c) makes or permits an irregular expenditure or a fruitless and wasteful expenditure.

Incident/Irregular expenditure	Disciplinary action taken	Corrective action taken	2010	2009
			R	R
Expenditure did not follow procurement process as defined in the approved procurement policy (23 incidents)	Non	Management is investigating this incidents and corrective action taken.	881 819	2 583 251
Losses	Yes		30 398	-
TOTAL			**912 217**	**2 583 251**

32. Reclassification

Previously the committed projects were shown as a liability and are now considered a provision in terms of GRAP 19, the only change was in the terminology.

Following from the above provision description, the projects write back is now classified as a reversal of a provision, and is included under mandate cost expenditure in the statement of Financial Performance.

33. World Cup expenditure

The entity did not incur any expenditure related to the World Cup in either the form of tickets or World Cup clothing during the financial year.

11. Provincial Contact Details

Eurica Palmer
Provincial Manager

EASTERN CAPE
The Ridge Building
Ground Floor,
3 Berea Terrace
Berea
East London

Tel: 043 721 1226 / 043 721 1227
OR 043 721 2044
Fax: 043 721 2096

Email:
ecprovince@nda.org.za

Dr Anthony Bouwer
Provincial Manager

FREE STATE
Quantum Building
Office No 209 – 2nd Floor
172 Zastron Street
Bloemfontein
9300

Tel: 051 430 2024
Fax: 051 430 3376

Email:
freestateprovince@nda.org.za

Xolani Zungu
Provincial Manager

KWAZULU-NATAL
Suite 1202
Nedbank Centre
303 Smith Street
Durban Club Place
DURBAN
4001

Tel: 031 305 5542
Fax: 031 305 5140

Email:
kznprovince@nda.org.za

Prof. Zach Choenyane
Provincial Manager

LIMPOPO
Bonitas Building
Block B – Ground Floor
22 Hans Van Rensburg Street
Polokwane

Tel: 015 291 2492
Reception Ext (2201)
Fax: 015 295 7586

Email:
limpopoprovince@nda.org.za

Vacant
Provincial Manager

MPUMALANGA
Biwater Building Office 103
16 Branders Street
Nelspruit
1200

Tel: 013 755 3777
Fax: 013 753 2244

Email:
mpumalangaprovince@nda.org.za

David Potlako Ntlatleng
Provincial Manager

NORTH WEST
Office 0113A
First Floor
West Gallery Megacity
Mmabatho

Tel: 018 392 6892
Fax: 018 392 5432

Email:
nortwestprovince@nda.org.za

Clive Moses
Provincial Manager

NORTHERN CAPE
2nd Floor Flaxley House
Du Toit Span Road
Kimberley
8301

Tel: 053 831 4828/9
Fax: 053 831 4824

Email:
northerncapeprovince@nda.org.za

Nokwazi Mazibuko
Provincial Manager

GAUTENG Provincial Office
10th Floor
Braamfontein Centre
23 Jorissen Street
Braamfontein

Tel: 011 339 6410
Fax: 011 339 6410

Email:
gautengprovince@nda.org.za

Jessica Fortuin
Provincial Manager

WESTERN CAPE
The Chambers Building
2nd Floor
50 Keerom Street
Cape Town
8001

Tel: 021 422 5175
Fax: 021 422 5180 EXT: 2002

Email:
westerncapeprovince@nda.org.za

12. Glossary

CDRP	Comprehensive Rural Development Programme
CBOs	Community-based Organisations
CEO	Chief Executive Officer
CSOs	Civil Society Organisations
EE	Employment Equity
EPWP	Expanded Public Works Programme
EXCO	Executive Committee
FBOs	Faith-based Organisations
HR & R	Human Resources and Remuneration
ICT	Information and Communication Technology
IDPs	Integrated Development Plans
IT	Information Technology
KPIs	Key Performance Indicators
LED	Local Economic Development
LGBN	Local Government Business Network
MOU	Memorandum of Understanding
NDA	National Development Agency
NEDLAC	National Economic Development and Labour Council
NGO	Non-government Organisations
NISIS	National Integrated Social Information System
OPSCO	Operational Committee
PBF	Progressive Business Forum
PGDS	Provincial Growth Development Strategies
PFMA	Public Finance Management Act
PPSC	Programmes and Projects Screening Committee
R&D	Research and Development
SANGONET	South African Non-government Organisation Network
SAQA	South African Qualifications Authority

NDA
National
Development
Agency

(NDA) 2009/10 Annual Report
31 Princess of Wales
Parktown
Johannesburg
2001

P.O. Box 31595
Braamfontein
2017

www.nda.org.za
Tel: 011 018 5500

RP19/2010
ISBN : 978-0-621-39134-3

UNLOCKING POTENTIAL
THE NATIONAL DEVELOPMENT AGENCY