



Saam kan ons dit doen. Mmogo Re Ka Kgona

ANNUAL REPORT 2012





CONTENT

- 4 Corporate Profile – At a Glance
- 6 About the 2012 Annual Report Structure
- 7 Chairman’s Statement
- 13 Geography and Demographic of the Area
- 19 Gamagara Development Forum Corporate Profile
- 22 CEO’s Management Statement
- 29 Gamagara Strategic Positioning and Direction
- 40 Approach to the Beneficiary Communities
- 42 Focus Areas and Targets
- 46 Review of Activities and Project Highlights
- 56 Audited Annual Financial Statement and Report
- 72 Prospectus for Future Work
- 74 Notices and Announcements





CORPORATE PROFILE AT A GLANCE

MANDATE

To identify, select and implement developmental projects and initiatives to the benefit of all our beneficiaries equitably Gamagara Local Municipality area.

To be the developmental organisation of choice to source, manage and disburse funds for the benefit of all beneficiary communities in the GLM;

VISION

“Collectively crafting sustainable communities”

SLOGAN

“Saam kan ons dit doen”

“Mmogo Re Ka Kgon”

MISSION

We commit to develop sustainable, empowered and prosperous communities through:

Investing responsibly in all our beneficiary communities;

Building a Forum that provides excellent service;

Leveraging the resources and talents of like-minded organisations; and

Articulating and acting upon the needs of our communities.



CORE VALUES

INTEGRITY – ‘WE DO WHAT WE SAY’

We are honest, trustworthy and reliable in all our actions and show respect for all our stakeholders.

CARING – ‘WE LIVE FOR EACH OTHER, ALL THE TIME’

We are accountable and responsive to the needs/welfare of our community.

EXCELLENCE – ‘WE GIVE OUR BEST IN WHAT WE DO’

We endeavour to excel in our service to all our stakeholders, expecting to deliver a high degree of quality.

INNOVATION – ‘WE APPLY OURSELVES CREATIVELY’

We are creative in our response to challenges and opportunities facing our organisation and community.

COLLABORATION – ‘WE ARE A TEAM’

We recognise our interdependence in uplifting our community and will work as a cohesive team, forging appropriate partnerships to meet our collective goals.

EMPOWERMENT - ‘WE RESTORE DIGNITY TO OUR COMMUNITIES’

We support autonomous communities that are courageous to take action.



ABOUT THE 2012 ANNUAL REPORT STRUCTURE

This Annual Report covers the period from 1 January to 31 December 2012. It gives a bit more detail than last year's Annual Report as it discusses the implementation of the Short-Term Strategy and Business Plan. Gamagara Development Forum's Strategic Position and Direction are intended as a glance at the approach being taken by GDF with hope that the interested readers can read more detailed documents on the subject of their choice from the GDF Website where they will be posted.

The Annual Report also presents the Audited Financial Statement and then projects on possible future activities in line with priorities set out by the stakeholders and guided by the GDF short term strategic plan.

The Annual Report has several detours to highlight success stories and general information mainly in boxes.

We would like to extend our gratitude to the Community of Gamagara (children, youth, women and men, organised societies, and the disabled) for working together with GDF and participating in all organisational activities and ensuring that community

development is centred and guided by the people.

We would like to particularly thank SIOC-cdt for availing funding to sponsor our projects and for providing non-financial support to us.

We would also like to acknowledge the moral support we received from other SIOC-cdt Beneficiary Trusts such as:

1. Maphalane Disabled Trust
2. JTG Developmental Trust
3. Thabazimbi Development Trust

Last, but not least we would like to acknowledge other Stakeholders for doing business with us including:

1. Gamagara Local Municipality;
2. JTG District Municipality;
3. District Department of Education;
4. District Department of Social Development;
5. District Department of Health ;
6. SAPS;
7. Developmental Bank of South Africa; and
8. Local service providers
9. Mining Houses.

CHAIRMAN'S STATEMENT



The World and South Africa in particular is facing serious challenges on youth unemployment amongst others. Gamagara Development Forum has positioned itself as a champion for finding solutions for this seeming insurmountable problem.

However GDF realizes that best results can only be achieved through team efforts involving all relevant stakeholders. We also realize that we need to address the underlying causes first in order to formulate appropriate solutions. We have better understand the environmental and systemic causes both internal and external to Gamagara Local Municipality for us to target the solutions appropriately particularly in conjunction with our counterparts in Government as well as Civil Society.

My view is that we should focus on the following GDF strategy positions which seek to address challenges that are facing our communities within the following focus areas: Welfare & Humanitarian; Healthcare; Land and Housing; Education and Development; Conservation and Welfare; Enterprise Development; Infrastructure; and Sports, Arts and Culture, that are in line with the National Development Plan and the 12 National Development Goals (see box).



The following core strategies will inform the goals for the next three years. These are:

1. Focus efforts and resources to serve the most vulnerable beneficiaries in the designated areas of operation.
2. Initiate a change to outcomes based interventions, focusing on catalysing an inclusive economy for all beneficiaries.
3. Maximise the collaborative efforts with government, agencies of state and like-minded non-governmental and community based organisations, and take a greater leadership role in advocacy and implementing initiatives.
4. Invest in capacity and capability to expand the programme portfolio of the Forum, including the infrastructure to support the Forum's activities.
5. Implement robust frameworks for governance and management of the Forum.
6. Broaden the Forum's investment funding income.

The year 2012 was a particularly challenging one marked by the infamous civil protest in Olifantshoek that reached national prominence. Most importantly

for us, it disrupted most of the activities that were planned for implementation during the year. Realising that the Matric class would be affected seriously by the extended stoppage of teaching and learning, we had to relocate willing learners to safe learning places at the Forum's cost. The effects of the protest did actually translate to a lower than normal performance by the Matric class of 2012 leading to the bursary scheme only managing to offer 8 rather than the originally planned 10 bursaries as there were not enough qualifying candidates.

I am glad to say that not all activities were affected by the protest in the area. It actually awakened our senses to the plight of our communities and their interpretation of the environment in which they live. It was a wakeup call for us to redouble our consultation with all stakeholders especially the beneficiaries to get better buy-in of the programmes we are rolling out for their benefit. We need to carry the communities with us from start of the project ideas, through conceptualization to actual implementation. Of course that may come with its own setbacks such as delays. But as the saying goes, "If you want to go fast, you may go alone, but if you want to go far, you need to go together". We at GDF will have to plan our programmes with the beneficiary communities in mind notwithstanding the other equally important stakeholders.



I would hasten to mention that our management proved to be equal to the challenge and re-planned the disrupted activities as well as minimized the possible losses as is revealed by the CEO later. Our activities in Deben, Kathu and Sesheng went as planned. We intend to catch upon the activities that were approved for Olifantshoek in coming years especially in 2013. The rehabilitation and improvement of the Olifantshoek is a case in point – We intend to implement this project as quickly as we can in 2013 and 2014.

The activities and achievements of the Board in 2012 were focussed on improvement of stakeholder participation especially the community and our local government counterparts. We reached out to the communities through four Road Shows at which we listened to community needs and facilitated selection of new representatives where there were vacancies and to allow Annual Board Rotation. The interest of the respective communities has grown substantially over last year and has maintained the growth trajectory I pointed out in our last year's Annual Report. Indeed the communities are talking back as they now realise their rights and responsibilities in the development discourse. Ours has been to facilitate healthy and productive debates leading to progress with the systems that

we have established in consultation with the communities and other relevant stakeholders. In most cases the communities have shown tremendous maturity in accommodating the vibrant debates that ensued.

It is through the Road Shows that new Board Members were selected. I would like to take this opportunity to welcome the new Board Members, namely:

- Ms Kehilwe Sedilang (Kathu)
- Mr Jacob Zwartz (Olifantshoek)
- Mr Frank Visagie (Dingleton)
- Mr Motlogelwa Matsipane (Sesheng and Mapoteng)

Our gratitude goes to Messrs Moolman and Nakoo who voluntarily resigned to allow the rotation of the Board as required by the GDF incorporation documents. The two served the community of Gamagara diligently and ensured the Forum implemented projects that positively impact on the lives of our communities.

The Board had a busy year faced with a tall order of regular business as well as extraordinary meetings to address matters arising from the protest action in Olifantshoek.

I would like to conclude by commending the Board and indeed all stakeholders for a successful Annual General Meeting (held





on 29 January 2013) at which, once more an unqualified, audited Financial Report was tabled. We should all realise that we have set a standard for ourselves that we cannot afford to let go in future. I would further like to thank our Management under the leadership of the CEO, Mr Lepulane Maboshego for the sterling work they are doing.

We hope you will find the Annual Report for 2012 appealing enough as well as informative on the work that Gamagara Development Forum is contributing to improve our community.

T.S. Bodumele
Chairperson



THE 12 NATIONAL DEVELOPMENT GOALS

- Outcome 1:** Improved quality of basic education.
- Outcome 2:** A long and healthy life for all South Africans.
- Outcome 3:** All people in South Africa are and feel safe.
- Outcome 4:** Decent employment through inclusive economic growth.
- Outcome 5:** A skilled and capable workforce to support an inclusive growth path.
- Outcome 6:** An efficient, competitive and responsive economic infrastructure network.
- Outcome 7:** Vibrant, equitable and sustainable rural communities with food security for all.
- Outcome 8:** Sustainable human settlements and improved quality of household life.
- Outcome 9:** A responsive, accountable, effective and efficient local government system.
- Outcome 10:** Environmental assets and natural resources that is well protected and continually enhanced.
- Outcome 11:** Create a better South Africa and contribute to a better and safer Africa and World.
- Outcome 12:** An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship.





GEOGRAPHY AND DEMOGRAPHIC OF THE AREA

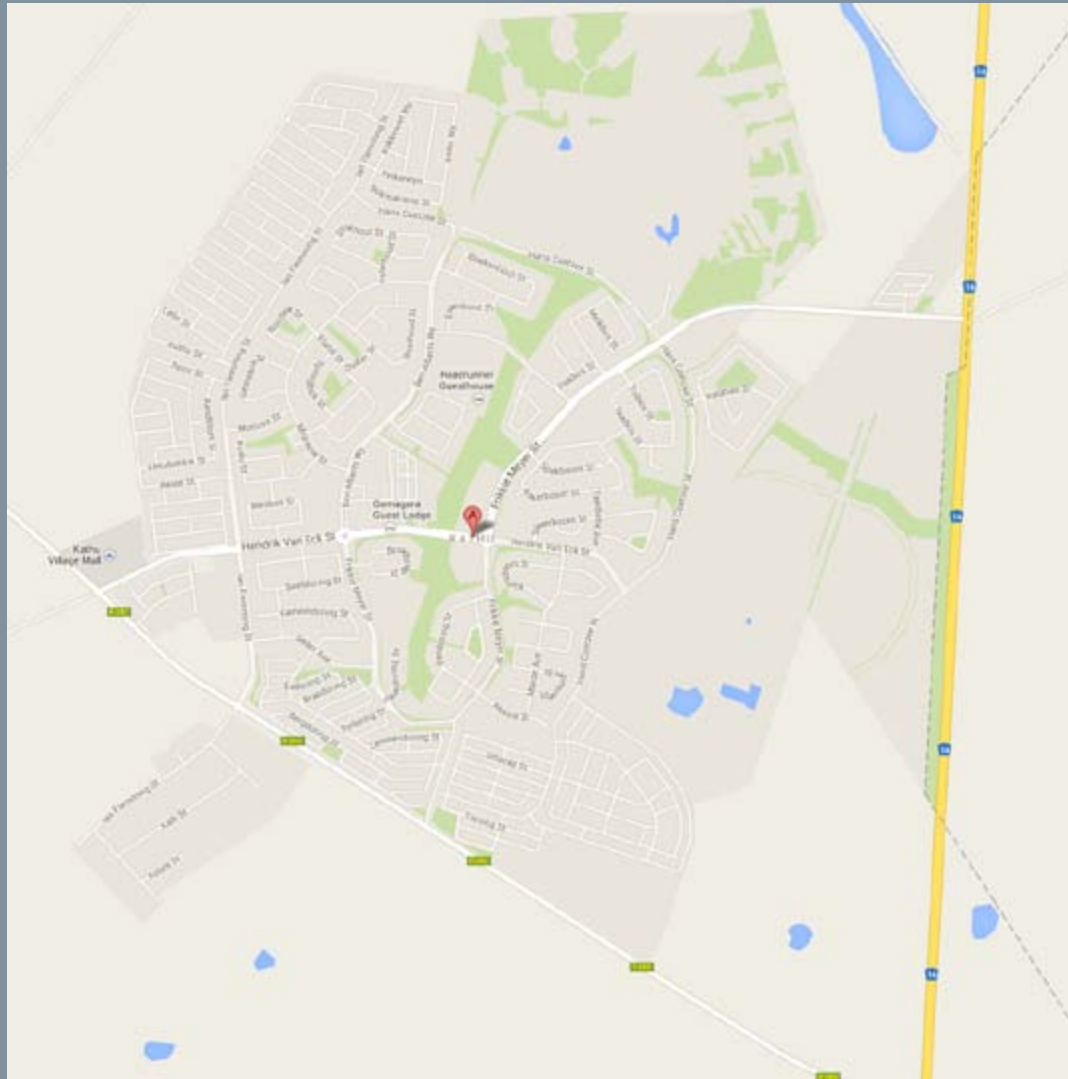


This section depicts the jurisdiction area which GDF covers and service.

The name Gamogara is of Setswana origin. The municipality is named after a dry river which was in turn named after a man called Mogara of the Makwere clan (Batlhaping). During the early days of exploration, Mogara was the first person to settle in this part of the country. After 1887, the area became dominated by white farmers who then

changed the name as they were unable to pronounce it correctly. Hence it was called Gamagara instead of Gamogara. The name is derived from a dry river that ran from Dibeng to join the Kuruman (Segonyana) river at Dikgatlong tsa ga Kganyile. Incidentally this is the route the Ba ga Motlhwane followed on their way to their headquarters, Maje a Mokhothu (Langeberg).

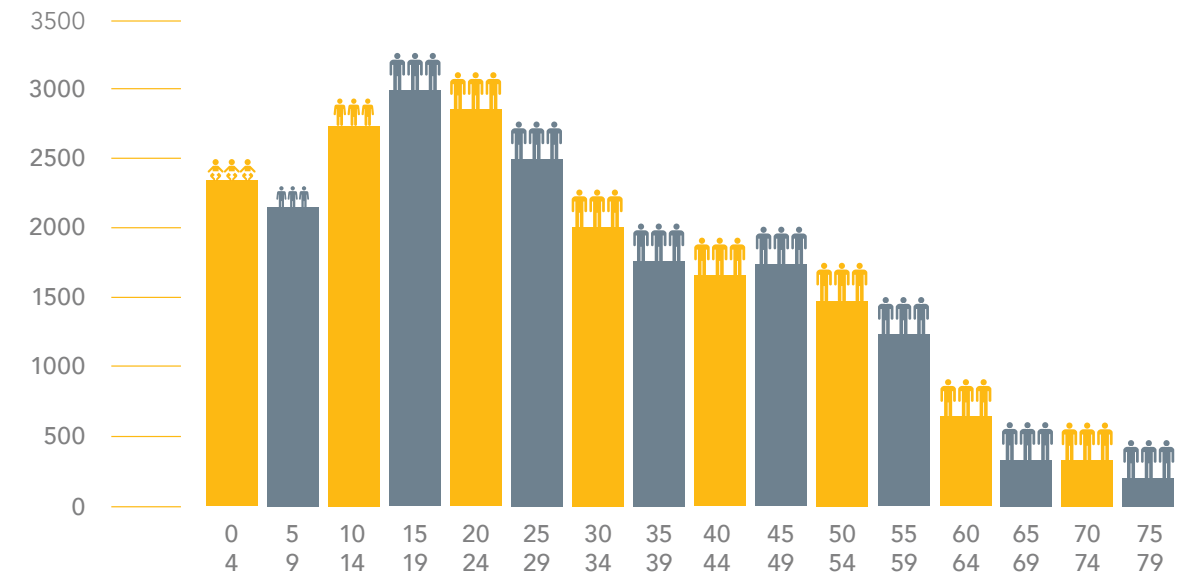




Gamagara Local Municipality (GLM) is situated within the jurisdiction of the John Taolo Gaetsewe District Municipality (JTG-DM) of the Northern Cape Province, South Africa. The locality has a large migratory work force due to the mining activity within its jurisdictional area. Gamagara Municipality has grown from 23 202 people in 2001 to 41 617 people in 2011 (Census

2011). Of the population, approximately 17 850 people are either not of school going age or older than retirement age, whilst only 6 937 are employed (JTG-DM IDP, 2011-2012). There are approximately 5930 people not economically active and about 2 575 people not employed. The GLM has the lowest level of unemployment in the district municipality.

POPULATION COMPOSITION



The GLM has made significant in-roads to providing basic services to all its inhabitants, however the migratory labor phenomenon poses the challenge of impacting the sustainability of the level of services provided. Generally, migrant workers repatriate large portions of their disposable income to their home areas outside GLM and even outside JTG District and Northern Cape Province.

KATHU

Kathu, 'the town under the trees', came into being because of Iscor's iron ore mining activity in the Kalahari. Municipal status was allocated to the town of Kathu during July 1979. Kathu is connected by rail (Dingleton Station) via Kimberley as well as by road to all the main centres namely Johannesburg, Bloemfontein, Windhoek and Cape Town and has an airport with a tarmac runway. The municipality originally consisted of 2 towns namely Sishen and Kathu. Iscor started developing the town in 1953-south of the mining area. On 23rd June 1990 the name Sishen was changed to Dingleton. Development to the new town, Kathu, began in 1974 after the proclamation was finalized in 1972.



SISHEN AND SLOVO PARK (MAPOTENG)

Sishen is located to the west of Kathu and was initially planned as a high density residential area for mine workers, without families of any social structure. It consists of group housing units that belong to the mine to the west, with small pockets of other houses to the west thereof. The larger residential housing component of Sishen is located nearer to Kathu in the form of single residential houses (Ext.5). The area to the east of Sishen is the fastest growing residential area outside of Kathu.

DEBEN

Deben started off as a small settlement on the banks of the Gamagara River which provided water for the small town.

The residential areas are characterized by the river in the centre of town and the rocky line stone outcrops directly east and west of the river. Deben consists entirely of single residential houses, but can split into a low density area to the west and higher density and less formal houses to the east. Deben was given its name by the Tswana and means "first drinking place". This small town is situated on the banks of the dry Gamagara River. Residents have to provide their own water and every property has its own wind pump, therefore Deben is sometimes referred to as "the sunflower town".

DINGLETON

Dingleton was developed in a linear form along the one side of the then main road between Upington and Kuruman.

Dingleton consists almost totally of low density single residential houses. The town is surrounded by large mine activities and the resettlement of Dingleton residents are due to expansions of mining in this direction.



OLIFANTSHOEK

This is the only town lying at the foot of the Langeberg; Olifantshoek is a farming town close to two game ranches on the Namakwari Route. Founded in 1895, the village is called the 'Gateway to the White and land of the Tswana, where tribes like Batlhaping dwell. Olifantshoek boasts an abundance of adventure, natural wonders and cultural artefacts that can be explored by all enthusiasts. It is Northwest of Kathu, Northeast of Kuruman and south west of Upington.

In the year 2000 Olifantshoek Municipality became part of Tsantsabane Local Municipality until 2006 when it was amalgamated into Gamagara Local Municipality. The town is a low/medium density residential area, but due to the new developments which are underway it will in future become a high density residential area. Other developments include an 18-hole golf course.

Iron ore is a major economic resource of the area. It is through the mining activities of the Anglo-American owned Sishen Iron Ore Mine that there has been a transfer of development resources through Sishen Iron Ore Company – community development trust (SIOC-cdt) of which Gamagara Development Forum (GDF) is a subsidiary.





GAMAGARA DEVELOPMENT FORUM CORPORATE PROFILE

Gamagara Development Forum is a section 21 company and has 13 directors that form the board, exclusive of the Chief Executive Officer. The representatives of the Board of Directors are drawn from various sectors of the beneficiary communities in the local municipality. An independent director is the chairperson of the Board, and the Board has 3 sub-committees, namely:

- Finance, audit and risk;
- Human Resource, Ethics, and Nominations; and
- Projects

The forum has over the last period focused on 6 public benefit areas for its allocation of funds with the two areas of education, land and housing receiving the largest proportion of the funds.

The GDF has aligned its strategic objectives to that of the GLM and the Millennium Development Goals. From a resourcing perspective, the GDF receives 30% of the

total projects allocation that SIOC-cdt (Super Trust) makes annually on public benefit activities to the beneficiary trusts. The other trusts that receive funds from the super trust include John Taolo Gaetsewe (30%), Maphalane Disabled Children's Trust (10%), Tsantsabane Social and Labour Development Forum (15%) and Thabazimbi Community Development Forum (15%).

Each Beneficiary Trust has its own Board of Trustees/Directors, depending on the manner of incorporation. Similar to the Super Trust, the Beneficiary Trusts although operating independently of the Super Trust, are required to ensure a robust governing framework. The Board of Trustees/Directors in the case of each Beneficiary Trust is ultimately responsible for all Trust activities. Currently the Beneficiary Trusts are busy with improving their processes by streamlining decision making through appropriate Board-sub committees.

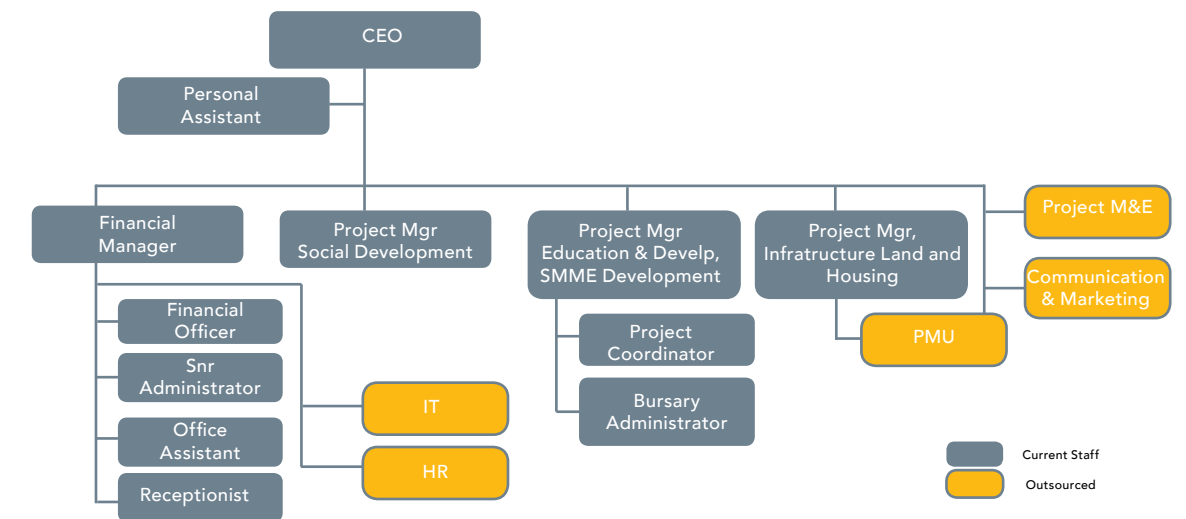




The Executive Management team executive member has a business division comprises 5 members, namely the Chief Executive Officer, Financial Manager, and 3 Projects Manager. The executive management of GDF is developed and organization in which the roles and duties of team members are such that good governance can be effected. Each representation of GDF Boards.



GDF ORGANIZATIONAL STRUCTURE 2012



CEO'S MANAGEMENT STATEMENT



Having repositioned Gamagara Development Forum last year, 2012 was destined to be a year to demonstrate our newly found capacity by implementing an ambitious portfolio of projects most on which were planned in 2011. The project's allocation by SIOC-cdt (based on the prescribed 8% of the SIOC-

cdt Trust Deed) for 2012 amounted to R81 million mainly towards Welfare and Humanitarian, Infrastructure, and Land and Housing focus areas. It is worth noting from the start that most projects are multi-year in duration with annual work plans that would have to be accounted for on specific year's budget.

There are however some small budget projects that are confined within a given year and these tend to be of a relief nature, such as distribution of blankets to the needy during the winter season.

The year under review was the first year in a 3-Year Short-Term Strategic Plan whose aims were to align the activities of the Forum to SIOC-cdt's Vision 2030, strengthen the governance processes of the Forum and improve its ability to execute projects. The social development projects that the GDF will invest into will include mainstreaming projects targeting women, children and youth. Whilst doing this, the Strategy also aims to ensure that the Forum develops a relationship that resonates with all beneficiaries in the GLM. The Forum aims to be positioned as the developmental forum of choice in the GLM- the best attractor of funds/

resources for the benefit of the Gamagara communities. The Strategy was approved by the Board last year.

Immediately afterwards we formulated the 2012-2014 Business Plan guided by that of SIOC-cdt, the primary donor (see Funding Model Box). The purpose of the Business Plan is to provide a detailed set of activities that can be put into action by the GDF to realise its Short-Term Strategic goals. The Business Plan is limited to the period of the Short-Term Strategy from 2012 to 2014.

The Business Plan was also subsequently approved by the Board and now have to align to it.

The broader strategic approach of GDF is based on a Sustainable Development Model. While it may not be all that clear if one looks only at the Short-Term Strategy, the medium and long-term plans that it is meant to feed into give it a better relevance and meaning. The model is based on three pillars, namely diversification through education; reinforcement of family structures; and development of entrepreneurship to drive the local economy.



With the high number of requests for project support from the community and the incidence of unpredicted municipal unrest, only 9 out of 47 applications received were approved. The applications received varied from education and development; welfare and humanitarian; health care; land and housing; infrastructure; sports, arts and culture; and animal welfare. It is clear that the Gamagara Community needs much more than the resources available, hence it is paramount to prioritize the community needs of all stakeholders and to co-fund projects together.

aids (through the Sangari Programme) as well as additional ablution facilities. When the children complete Matric, we offer them bursaries on a competitive basis for those students who qualify for entry into universities anywhere in South Africa in selected fields of study with a bias towards science, maths and engineering including medicine and nursing. We have also supported those that may either not qualify according to our set criteria or chose to pursue other trades through FET colleges. The support we are giving to Kathu FET College's Media Resource Centre is a case in point.

For the first pillar we have targeted Early Childhood Development (ECD) as part of a clear long-term objective of improving the human capital – This is a long-term human capital investment strategy, per se. The Ya Rona Day Care Centre (Crèche) in Mapoteng is an example of our activities in ECD as the crèche caters for children from 0 to 6 years of age. That then leads to our involvement with Gamagara Primary School where we supported Grade R facilities that prepare the children for primary school. Beyond that we supported Gamagara High School with 12 classroom blocks, media centre, maths and science learning

As a second pillar of our Sustainable Development Model, we also recognised the need to support the families within the communities where the children we are investing in come from. There are certain realities that may inhibit the development of children such as hunger and extreme poverty, poor health and effects of HIV/Aids, and unstable family living conditions caused by substance abuse in some cases, to name a few.

Through the Welfare and Humanitarian focus area we have supported the



Tsholofelo Soup Kitchen in Mapoteng. The infrastructure for the soup kitchen can also be used for hosting training and counselling seminars for affected families or family members to rehabilitate them in order to, among other things, support the children to develop in conducive situations. The FAMSA Hope Programme that takes the pre-emptive steps to ascertain family life within community households, is an essential tool in getting the necessary family profiles. FAMSA's Door to Door data collection exercise is the key activity that cracks the door open to all sorts of information we require to plan our intervention programmes properly. The fact that it is driven by youth volunteers speaks volumes on empowerment of the youth and getting them closer to understanding the aggregate realities in communities where they come from. The third pillars of our Sustainable Development Model is SMME entrepreneurship development with an emphasis on youths and women as the beneficiaries and drivers of the local economy. In that respect we supported the construction and equipment of Deben Bakery operated by a cooperative of 7 youths. To ensure that the business does

not fail, we also provided a mentor to advise the cooperative on business principles and practice. In addition, we have an on-going programme of incubating new businesses through provision of subsidised rental factory shells (cubical) that are ideally located in the industrial area of Kathu. We also have the sourcing of Enterprise Development and funding to Anglo Zimele through SIOC-cdt, and finalisation of Contractor Development programme to support the emerging contractors within the construction industry.

The ultimate goal of our programmes is poverty alleviation through sustainable development and avoiding the inevitable risk of over-dependence on mining as it is a fact that all extractive industries do dry up eventually. By the time that happens, we hope to have invested in a more sustainable local economy to avoid the shock.

We believe the step we have taken in formulating the Short-Term Strategy and Business Plan is a correct one towards attaining the greater goal of a balanced society with a narrowing gap between the rich and poor, and most importantly





a community endowed with an array of opportunities for its youths to choose from.

Our own internal capacity within GDF has to be developed to a level that we can be effective and efficient on the ground in order to implement the ambitious programmes we are proposing. I am indeed glad to mention that in 2012 we employed a few more warm bodies to occupy the posts that were approved under the Short-Term Strategy and Business Plan. Two project managers joined us to lead the Welfare and Humanitarian; and Infrastructure, and Land and Housing focus areas. I would like to welcome Ms Letshego Mafojane (a.k.a. Granny) and Mr Tshenolo Mampe, respectively to our team. We still have a long way to go to get to the recommended level of staff complement both in terms of filling the vacancies and development of our human resources through on-the-job-training.

This is partly why we are currently outsourcing some of our requirements to consultants. However, with the project managers in place we can now implement the projects designed by

expert consultants as well as absorb the expertise for replication and up-scaling of the projects.

As we look into the future we have to take stock of how much of what we had planned for 2012 we have actually achieved. Notably, with the protests that took place in Olifantshoek, the improvement of the hospital there could not be implemented along with other projects that were planned for the area. Indeed, with the resolution of the problems that sparked the protest in Olifantshoek, we can now resume the implementation process albeit at an additional cost due to accrual of interest charged as well as general price escalations due to inflation and penalties. We therefore have to start by assessing the new reality and obtaining advice from our principals, particularly the Board and project beneficiaries before proceeding accordingly. However as is the case with most multi-year projects that we implement there are provisions for rolling over certain activities and related costs provided there is adequate justification.

We also have to take stock of those projects where significant progress was



made or indeed completion and handover was achieved. We may have to ensure the operationalization of certain aspects of such projects in order to attain the desired utility out of them. The food gardens project though completed may require support to reach acceptable operational levels as well as optimization.

The same may apply to the bakery project on completion.

While there were significant strides made in stakeholder consultation, there is still more to be done in respect of alignment of expectations with beneficiary communities mainly through effective consultation. There may be a need to further support the communication systems of community representatives through improved documentation of community liaison forums as well as information distribution to the communities to allay suspicion of wrongdoing even where none may exist.

With the Short-Term Strategy and Business Plan in place, we look forward to further adjustment to meet the recommendations of both a more rigorous implementation of the latter. We also need to start planning our medium and long-term strategies mainly by aligning to the SIOC-cdt Vision

2030 as well as listening and responding to the needs of the beneficiary communities. In addition, we need to keep track of the global environmental trends and integrate them in our plans.

The turbulence in the mining sector with reference to the Marikana incident in particular should inform how we do business in future.

The strategic position and direction of GDF and activities of the year under review, 2012 are further highlighted with some discussion followed by the Audited Financial Statement on which I am proud to congratulate my team for having achieved unqualified audit again this year!

Mr Lepulane Maboshego
Chief Executive Officer





GAMAGARA STRATEGIC POSITIONING AND DIRECTION

This section reiterates the Short-Term Strategy and Business Plan and juxtaposes it in the current situation vis-à-vis the annual work plans for the 2012 and 2013. It also rationalizes the process of alignment with the two documents that have been adopted by the Board. The task of formulating the Strategy was based on certain agreed strategic challenges and guiding principles for deriving it as shown below.

THE STRATEGIC CHALLENGES FACING THE GDF WERE TO:

- Develop the necessary capabilities, capacities and organisational processes to deliver on its mandate;
- Deliver viable developmental projects that have a high impact to all the beneficiary communities equitably;
- Increase public awareness of the Forum and position the Forum correctly in the minds of the beneficiary communities; and

- Diversify the Forum’s investment funding income.

THE GUIDING PRINCIPLES IN DEVELOPING THE STRATEGY WERE:

- The thrust of the Forum’s activities is to ensure the sustained development of the beneficiaries equitably;
- Plans evolved from this strategy are internally aligned and consistent with the prescripts of the Forum’s articles of association and the resources of the Forum;
- The Strategy provides a clear stimulus to individual and organisational effort and commitment that resonates with the Forum’s values; and
- Aligns externally to the strategies of the key funders and partners of the Forum.

A combination of the challenges and guiding principles yielded the Key Objectives



contained in the Strategy as shown in the box below. Of note are the third and fourth objectives, "To prudently diversify the investment income of the Forum" and "To leverage the Forum's collaborative efforts in strategic partnerships". The two are mutually reinforcing in that diversification of funding sources could essentially be as a result leveraging on strategic partners. What remains important in any case is establishment of sustainability. The source of support must be regenerative and adaptable for it to be considered as sustainable. There will therefore be greater need to design and commission income

generation projects. Objectives 5 and 6 are also complementary to each other as it is through better beneficiary stakeholder engagement that projects will be better targeted for each locality's set of challenges and most effectively deliver on the relevant solutions. Is also through better consultation with GLM, that the projects in each area will be more aligned to the IDP priorities which have been updated due to more vibrant participation in in IDP consultations. Core Strategies are elaborated in the Short-Term Strategy document and can be summarized as follows:



GDF SHORT TERM STRATEGY (2012-2014) KEY OBJECTIVES:

- To implement best practice corporate governance;
- To efficiently and effectively manage Forum funds and resources;
- To prudently diversify the investment income of the Forum;
- To leverage the Forum's collaborative efforts in strategic partnerships;
- To deliver quantum projects in all beneficiary communities on an equitable basis;
- To improve stakeholder management and marketing of the Forum.

1. Focus efforts and resources to serve the most vulnerable beneficiaries in the designated areas of operation.
2. Initiate a change to outcomes based interventions, focusing on catalysing an inclusive economy for all beneficiaries.
3. Maximise the collaborative efforts with government, agencies of state and like-minded non-governmental and community based organisations, and take a greater leadership role in advocacy and implementing initiatives.
4. Invest in capacity and capability to expand the programme portfolio of the Forum, including the infrastructure to support the Forum's activities.
5. Implement robust frameworks for

- governance and management of the Forum
 6. Broaden the Forum's investment funding income
- The last core strategy is particularly important for long-term sustainability of the Forum, to that end, the Forum will actively pursue a strategy to broaden its investment funding income. The Forum aims to be positioned as the developmental organisation of choice in the GLM- the best attractor of funds/resources for the benefit of the Gamagara communities. This may include, where permissible, to invest into specific projects, preferably in the catchment area of the Forum or to enter into strategic partnerships as a





BEE partner of choice. It was anticipated that the Forum would pursue this from 2012 onwards, and firstly focus on its implementation role for the initial year of the Strategy. For that to be possible, the Forum would have to ensure that it has the requisite approvals and necessary competencies and expertise to execute its fiduciary duties, when such choices are made. Basically, this would go a long way towards achievement of the objective to diversify the Forum's investment funding income.

It is on this basis that the budget for the Short-Term Business Plan was project. Again, the Forum intends to align its activities with those of SIOC-cdt in the corresponding period (2012-2014) while implementing projects in the four prioritized focus areas of:

- Education and development;
- Enterprise development;
- Infrastructure; and
- Land and Housing.

The following box shows the Key Strategic Goals Linked to Objectives:

It remains the mandate of GDF (both the Board and Management) to strive for best practice in corporate governance. Good governance has a tendency to attract more support from the principal donor as well as other sources. It is through good governance GDF will be able to manage the available resources more efficiently and avoid audit problems of the past. The Funding Model for the Super Trust (see box) is dependent on the business performance of the Group. This is however closely linked to the actual funding model for GDF itself.



KEY STRATEGIC GOALS LINKED TO OBJECTIVES

THE GOALS LINKED TO THE OBJECTIVES OF THE STRATEGY ARE:

1. To have an active, effective and informed governance framework:
 - a. Comply to good corporate governance codes (King III) and New Company's Act (Act 71 of 2008);
 - b. Achieve clean audits at the Forum.
2. To efficiently and effectively manage Forum funds and resources:
 - a. Ensure effective cost and financial management of the Forum;
 - b. Ensure appropriate facilities and equipment for the Forum;
3. To be a learning organisation, continually improving the Forum's capacity and capability:
 - a. Ensure the requisite skills and capacity to deliver on Forum mandate.
 - b. Build project management capacity to execute multiple quantum projects.
 - c. Build capacity amongst stakeholder organisations.
4. To deliver a viable project programme portfolio:
 - a. Review and implement comprehensive project management framework for the Forum;
 - b. Execute a balanced programme portfolio effectively and efficiently.
5. To improve stakeholder management and marketing of the Forum:
 - a. Develop a comprehensive marketing and stakeholder engagement strategy for the Forum.
 - b. Develop and implement strategic partnerships with organisations focusing on people living with disability.
6. To diversify the Forum's investment funding income.
 - a. Develop the investment portfolio of the Forum.

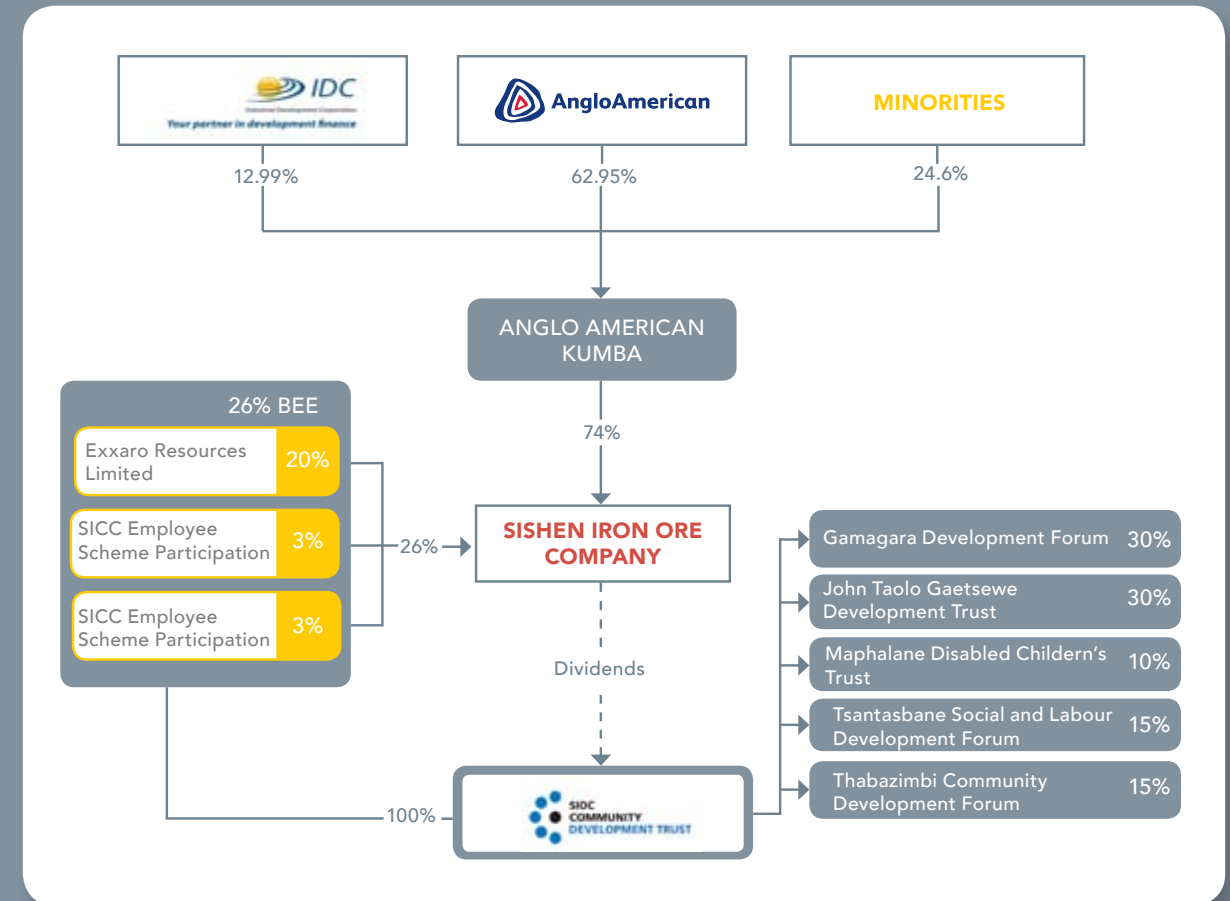




IMPACT AREAS TO ACHIEVE SIOC-CDT VISION 2030



FUNDING MODEL FOR SUPER TRUST



The Sishen Iron Ore Company Community Development Trust (SIOC-cdt) allocates 30% of its public benefit spend to the GDF. The GLM is the next most important strategic partner of the GDF. Of the public benefit spend allocated to the GDF over the last two years, education and development as well as land and housing have been the main areas of focus and

spend. For the ensuing medium term period (10 years), SIOC-cdt has included infrastructure development as a public benefit activity. The total funds spent to date for the Forum is in the order of R 125 million. SIOC-cdt's vision is to ensure that the long term strategy is outcomes based and



that it develops empowered beneficiary communities within the next two decades. The focus of SIOC-cdt's Vision 2030 is the following:

- A development strategy that puts SIOC-cdt initiatives in the context of the broader social and economic environment of the beneficiary communities;
- A diversified and inclusive economy;
- Improvement in educational and outcomes and physical conditions;
- Improvement of economically relevant skills, and;
- Improvement of social and living conditions for all residents, inclusive of people with disability.

It would be important for the GDF to align its strategy and activities to fulfil these requirements over the long term. In order to be cost effective, the GDF will need to be excellent in its role as implementation agent, and leverage the resources of strategic partners to maximise the impact of its development spend.

This Strategy aims to align the activities of the Forum to Vision 2030, strengthen the governance processes of the Forum and improve its ability to execute projects. The

social development projects that the GDF will invest into will include mainstreaming projects targeting women, children and youth. Whilst doing this, the Strategy also aims to ensure that the Forum develops a relationship that resonates with all beneficiaries in the GLM. The Forum aims to be positioned as the developmental forum of choice in the GLM- the best attractor of funds/resources for the benefit of the Gamagara communities.

Based on the anticipated dividend flows to SIOC-cdt as modelled by Accenture for the SIOC-cdt Business Plan (2012-2014), the forecasted funds flow to the GDF is illustrated in the table below. Included is the operational expenses (OPEX) limit for the Forum, based on the prescribed 8% of the SIOC-cdt Trust Deed. The latter can however be augmented with funds received from other funding sources.

GDF SIOC-cdt Forecasted Dividend Income (2012-2016)

| R m | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-------|-------|-------|-------|-------|
| Total Allocation | 78.00 | 72.38 | 58.51 | 61.52 | 56.60 |
| Trust OPEX Allocation | 6.24 | 5.79 | 4.68 | 4.92 | 4.53 |
| Trust CAPEX Allocation | 71.76 | 66.59 | 53.83 | 56.60 | 52.07 |

Forecast: 2012-2014 – SIOC-cdt Business Plan, 2014-2016 – SIOC-cdt Long Term Strategy

Notably, the Forums allocation and the monies available for OPEX are forecasted to decrease in the foreseeable future. This places added pressure on the Forum to implement cost effective and efficient processes, or have a negative impact on its capability to deliver on its mandate. Noting the forecasted dividend the total actual allocation by SIOC-cdt to GDF was R88 179 494.05 of which 8% of the allocation was committed to administration.

The following represents a 3-year budget based on the funding model projections. The year on year allocations will still emerge from annual allocations and the level of spend each year and whether certain funds are rolled over to the next year.

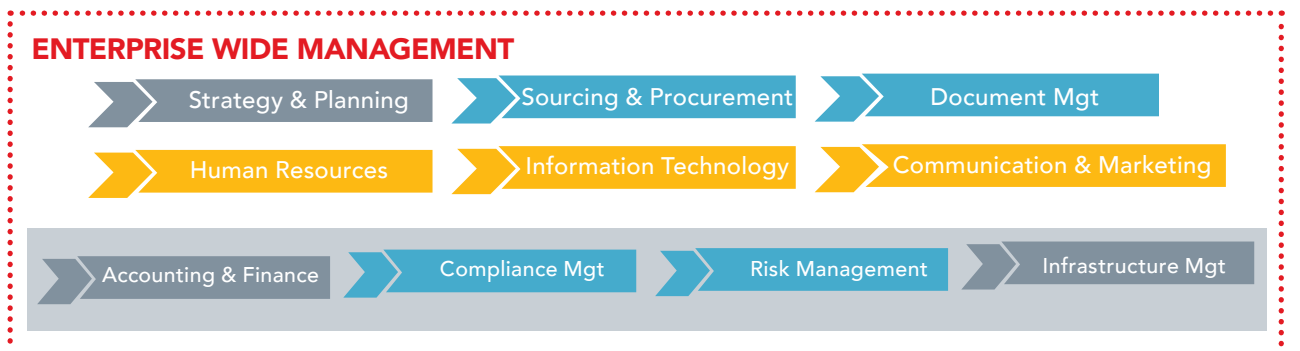
PROPOSED FORUM FOCUS AREAS SPEND 2012-2014 (R M)



The Business Plan has gone to some lengths in determining the current, installed capacity within GDF (Status Quo Analysis) and compared that with what would be considered as ideal. The method utilized required understanding of the entire GDF business model, i.e., the value chain inclusive of SIOC-cdt operating model as defined by Accenture in the SIOC-cdt Business Plan (2011-2014). It sets the complementary capabilities required of the beneficiary Trusts (or Forums) for the best case scenario. It basically, divides the functions into Back Office Capabilities and Core Capabilities. On that basis the current capabilities of GDF were analysed and the results are depicted on GDF's Operating Model below. A more detailed discussion is available in GDF's 2012-2014 Business Plan.

To meet the requirements illustrated in GDF's Operating Model, there would be a need to improve the human resources of GDF according to the proposed organizational structure presented under the figure, Proposed GDF Organisational Structure (2014 and ensuing years).

GDF'S OPERATING MODEL





APPROACH TO THE BENEFICIARY COMMUNITIES

There are several ways by which development needs of a particular community are determined and frequently prioritization is done by cocktailing the indications from various sources such as:

- Gamagara Local Municipality's IDP;
- Government Department consultation at both Provincial and District Level;
- Roadshow consultations;
- Response to Requests for Proposal;
- Direct representation by the affected community representative; and
- Private individual initiative

THE COMMUNITIES THAT GDF WORKS WITH ARE:

- i. Dingleton
- ii. Deben
- iii. Kathu
- iv. Mapoteng (Sesheng and Slovo Park)
- v. Olifantshoek

Challenges with the application system-

While there may be enthusiastic

participation of the beneficiary community interested parties such as cooperatives, once the submission has been done and with the passage of time the community sometimes loses interest. That normally creates challenges when the project is approved and there is no uptake from the proprietor. While that may prove the point that the entity would have been cohesive enough to implement the project in the first place it encumbers the allocated funds for a significant part of the year that implementation was supposed to underway. The main remedy for this challenge could be a continuous engagement with applicants and the community focal point through which they were introduced to the facility.



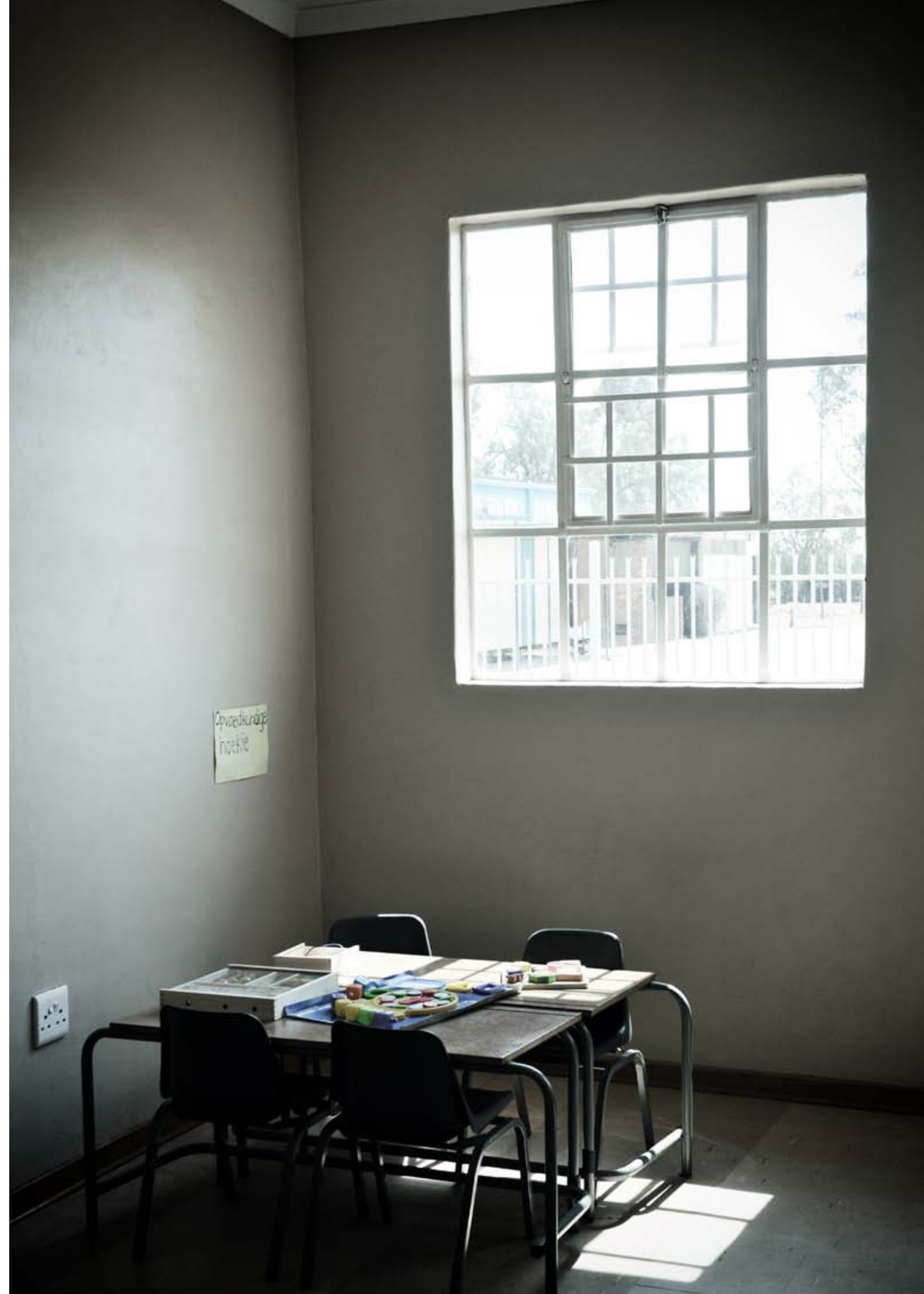
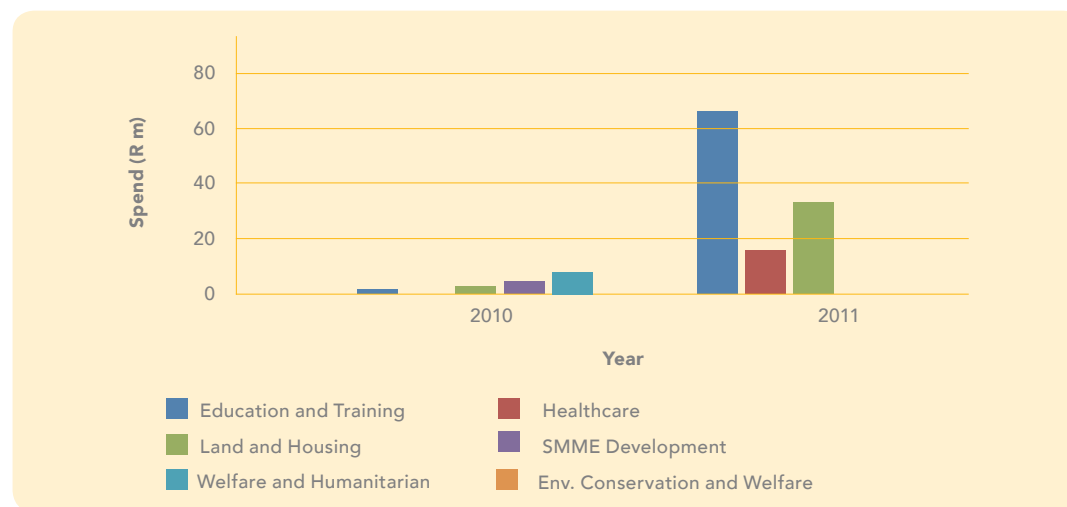


FOCUS AREAS AND TARGETS

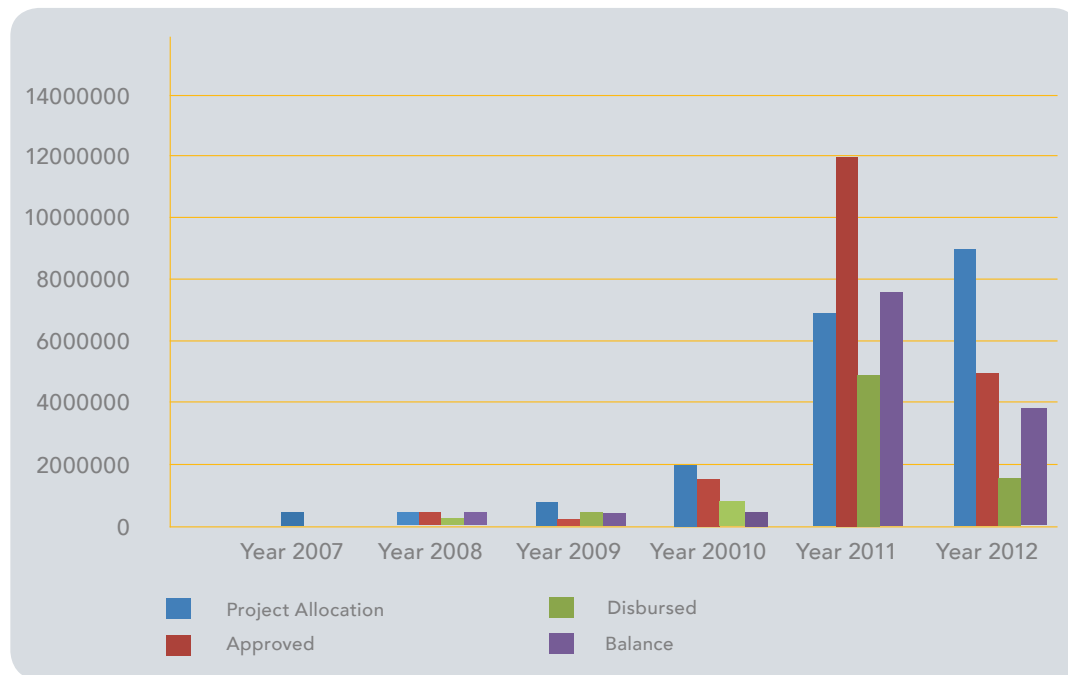
The Focus Areas are similar to those of SIOC-cdt for ease of coordination. Generally, more than one Focus Area ends up contributing to a project's activities as the implementation may, e.g., ECD under Education & Development may require

infrastructure, hence the involvement of Infrastructure Focus Area. The table below shows the distribution of funding resources by the Focus Area for the period covered by the Short-Term Strategy.

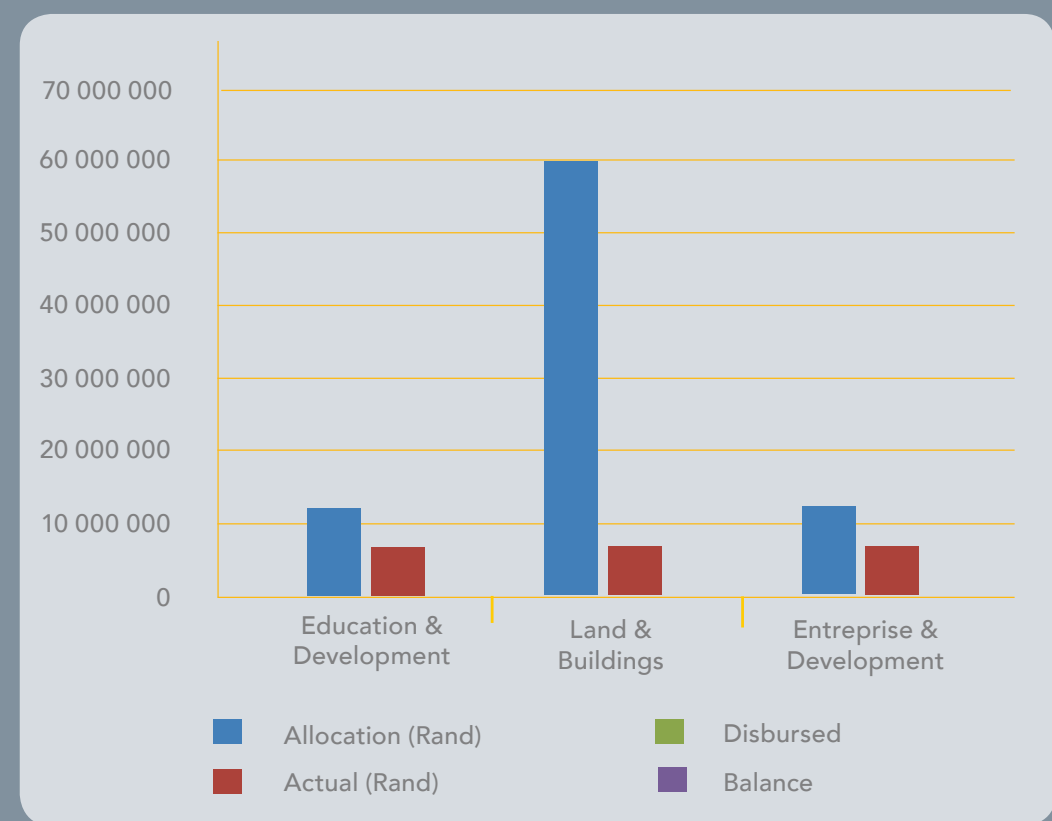
| Focus Area | Distribution of Annual Funds as a Percentage | | | | | |
|---------------------------|--|------------|-------------|------------|-------------|------------|
| | 2012 | | 2013 | | 2014 | |
| | General | Youth | General | Youth | General | Youth |
| Welfare & Humanitarian | 12% | 2% | 12% | 2% | 12% | 2% |
| Healthcare | 10% | 2% | 10% | 2% | 10% | 2% |
| Land and Housing | 20% | 1% | 20% | 1% | 20% | 1% |
| Education and Development | 20% | | 17% | | 17% | |
| Conservation and Welfare | 3% | | 2% | | 1% | |
| Enterprise Development | 10% | 3% | 14% | 3% | 15% | 3% |
| Infrastructure | 20% | | 20% | | 20% | |
| Sports, Arts and Culture | 5% | 2% | 5% | 2% | 5% | 2% |
| Total | 100% | 10% | 100% | 10% | 100% | 10% |



FUNDING ALLOCATION, APPROVED FUNDS, DISBURSEMENT, AND BALANCE (2007-2012)



The following chart shows the allocations and actual spending for three focus areas, namely Education & Development; Land & Buildings; and Enterprise Development. GDF closed the financial year 2011 with the project allocation deficit amount of R26 951 527.90 which was financed by portion of 2012 budget.



REVIEW OF ACTIVITIES AND PROJECT HIGHLIGHTS



The National Developmental Goals as presented earlier, the priorities as stated in GLM's IDP and the overarching Millennium Development Goals contribute towards the selection of priority projects by GDF. The projects that are eventually funded would have gone through a rigorous selection process involving consultations with various stakeholders especially GLM and beneficiary communities.

The following table details approved allocations for 2012. Due to the fact that GDF uses a project lifespan approach in terms of project implementation, the project implementation is not bound to audit financial year, but follow project lifespan as indicated in each project implementation plan, hence the project implementation cuts across years.

| DETAILED APPROVED ALLOCATIONS 2012 | | Approved amount |
|--|--|-------------------|
| Education & Development | | |
| FAMSA - Hope Programme | | 5 591 595 |
| Curriculum educator development and learner support | | 1 711 378 |
| District Skills Performance (maths) - Augment Skills | | 2 021 795 |
| GDF Bursary Fund | | 1 183 049 |
| Provision of ECD games and Learning Material | | 642 613 |
| Sub-Totals | | 11 150 430 |
| Land and Buildings | | |
| Construction of 200 subsidy homes - Feasibility Study | | 2 600 000 |
| Mapoteng Multi-Purpose | | 26 233 546 |
| Sub-Totals | | 42 189 210 |
| Enterprise Development | | |
| Incubator programme - Phase 1 | | 2 500 000 |
| Deben bakery (variation) | | 941 304 |
| Sub-Totals | | 3 441 304 |
| TOTAL | | 43 425 280 |

EDUCATION AND DEVELOPMENT

The Education focus area has consistently received one of the highest allocation and 2012 was no exception with it coming second to Land & Buildings, but still leading as far as the actual expenditure is concerned.

The following are some of the highlight projects implemented. The Infrastructure; Land and Housing focus area was involved in most the ECD and school buildings throughout.

Ya Rona Day-care Centre in Mapoteng

Ya Rona Day-care Centre was completed and launched in October 2012. The facility has an average enrolment of over 200 children over each year. It runs on 4 levels

according to age groups as follows:

- i. 0-2 years;
- ii. 3-4 years;
- iii. 4-5 years; and
- iv. 5-6 years.

Previously the children were attended to in shack in the backyard. With the age starting at 0 there is greater need to be vigilant all the time. The teachers undergo continuous training to attain the highest level of proficiency in their work. The crèche also feed the children hence the need for food handling hygienic conditions. A total of 5 ECD centres have been completed in the various communities of Gamagara.



Granny Mafojane
Project Manager - GDF

The children were previously provided with early childhood development programme at the backyard shanty that was overcrowded and with no proper equipment's

In the human cycle, the early childhood phase is considered the most important phase for every human being. It is a period of rapid physical, mental, emotional, social and moral growth and development. Here the children acquire concepts, skills and attitudes that lay the foundation for lifelong learning, which include acquisition of language, perceptual-motor skills required for learning to read and write, basic numeracy concepts and skills, problem solving skills, a love of learning and the establishment and maintenance of

relationships.

It is because of the above facts that I took a lead in ensuring that our children in Mapoteng are provided with a fully furnished structure with proper indoor and outdoor equipments for their holistic and optimal development. Providing quality ECD services and programmes I am (through the Gamagara Development Forum mandate) ensuring that parents and other adult carers take up opportunities for education and employment, which can improve the socio-economic status of impoverished families and also increase educational efficiency of children and thus reducing their chances of failure.



DEBEN PRIMARY GRADE R CLASSROOM

Children need to grow up and developed in a nurturing and secure environment that can ensure their full development, protection, survival and participation in family and social life. From an environmental perspective, it means safe water, basic sanitation and protection from violence, abuse, exploitation and discrimination to give our young children the best start in life.

GAMAGARA HIGH SCHOOL IMPROVEMENTS

The school was provided 12 classroom block, media centre (computer lab), ablution block and introduction of the Sangari Mathematics and Science learning aids. The major construction work was

completed in 2012. The workmanship is evidently very good. The work was done by one of the contractors supported under the contractor incubation programme of GDF.

All the classroom blocks were still to be fitted with gutters and storage tanks (Jojo tanks) for rainwater harvesting.

KATHU MEDIA RESOURCE CENTRE

Planning of the Media Resource Centre commenced during 2012 but construction would only start the following year. There were already indications from hardware and software suppliers that they would like to collaborate with the Centre and offer their equipment and services at concessionary rates. The construction will be done by a contractor trained under the GDF contractor programme.



WELFARE AND HUMANITARIAN

Mapoteng Soup Kitchen

The Mapoteng Soup Kitchen (or Tsholofelo Community Health Workers) was opened in October 2012. It is a drop in centre for hunger affected as well as members of the community that may require counselling for various social problems including terminal illnesses and substance abuse.

The Soup Kitchen serves two meals every day to the hunger affected, i.e., breakfast at 9:00am and 1:00pm. The centre employs 8 people. And the facility supports an average of 80 community members per day.

The soup kitchen concept provides an entry point into a conversation with the affected and frequently homeless people who may need counselling to better deal with the causes of their problems. The facility is also used as a community hall for other events including training.

FAMSA HOPE PROGRAMME

A detailed Business Plan was formulated indicating the objectives, milestones/ activities and outcomes. The Business Plan

also describes methods to be used in data collection during the Door-to-Door activity that forms a major part of the process. The project was to employ a Project Manager, Coordinator, Supervisor and Volunteers (mainly youths). It was affected by the Olifantshoek protests. The other foreseen threats to the project was the volunteers withdrawing before completion of tasks due offers of employment. Youth agitation with certain processes has been identified as a general threat to development as some tend to incite defiance campaigns that may derail certain GDF programmes. The Hope Programme is best positioned to deal with such challenges as they emerge as they are likely to them up from their surveillance.

OBJECTIVES OF FAMSA

- Improve the availability, accessibility and quality of childcare
- Improve social and emotional development
- Improve basic healthcare
- Improve children's ability to learn
- Strengthen families and communities



DOOR TO DOOR SCHEDULE FOR HOUSEHOLD VISITS

| Area | Visits/week/ Youth Worker | Youth Workers/ Area | Total HHs visited/12months period |
|--------------|------------------------------|------------------------|---|
| Deben | 9 | 2 | 864 |
| Mapoteng | 9 | 2 | 864 |
| Dingleton | 9 | 2 | 864 |
| Olifantshoek | 9 | 2 | 864 |
| TOTAL | | | 3456 |

THE GOALS OF DOOR TO DOOR VISITS ARE TO:

- Build relationships in the communities.
- Identify areas of needs.
- Identify families in need of support.
- Identify neglect of children.
- Identify violence against women and children.
- Assist with parenting.
- Assistance to child headed households.
- Helping women and children with basic day to day tasks in a household.
Educate them on a personal level.
- Give general assistance and guidance.



INFRASTRUCTURE

GAMAGARA HIGH SCHOOL UPGRADING

The Beneficiary appreciated the facility as it which raised their enrolment from 300 to 800 with state of the art facilities, 12 classroom blocks, ablution blocks, media centre there was no maths and science was previously not there and have now been introduced. There are still some finishing touches that are due such as completion of a palisade fence and roof gutters for possible rainwater harvesting. There some issues of budget limitations or shortfalls that could only be resolved on the next year's budget in order to meet the costs of these minor finishing touches.

GAMAGARA HIGH SCHOOL - ADDITIONAL FACILITIES

We have constructed 12 classrooms, a media centre, ablution block and a school hall. The Gamagara High School did not have classes for Mathematics and Science and after the construction of the 12 classrooms learners from Deben and the near townships now are being taught Mathematics and Science. The school was accommodating 500 learners

of which some of them were attending classes in mobile classrooms which was not conducive for learning environment, as it was too cold in winter and too hot in summer.

The learners are now accommodated in classrooms conducive for learning environment. The school now has 585 learners all in classrooms with ablution blocks that cater for all students. The school now has a media centre for students to do assignments and research projects as well as practicing computer skills. The school can now hold functions and activities in the school hall.

Three ECD buildings were completed in 2012 in Mapoteng and Deben areas.

The responsible focus area manager started induction by SIOC-cdt on the Infrastructure Manual in September 2012. On completion of a year the project manager will be able to implement the infrastructure projects with limited supervision from SIOC-cdt and eventually be weaned off completely.

LAND AND HOUSING

This was the largest budget allocation in 2012, it came second on expenditure. Project selection and design is mainly done in conjunction with Municipality's IDP. The Municipality gives the prioritized list of indigent households needing housing that would have been allocated stands who qualify on the basis of incomes of up to R3500. The implementation process involves several project steering committee meetings with various stakeholder as well as project coordination committee involving consulting engineers and the community representatives. The projects should involve the beneficiaries more to ensure their relevance straight from design stages.

- Construction of 200 subsidy homes - Feasibility Study

The project was approved in November 2012 which is to support the Gamagara Municipality with its quest to upgrade and improve the standard of living for its community in line with the Government policies. This project will benefit the indigents.

- Mapoteng Multi-Purpose

The Mapoteng MPC will be a one-stop centre for the community of area and it will provider variety of services to them. The centre will have a multipurpose community hall, Municipal Offices, Library (currently contracted by the Municipality), a budget R26 233 545.82 is committed to this project.



Tshenolo Mampe
Project Manager - GDF





ANNUAL FINANCIAL STATEMENT

Gamagara Developing Forum NPC

Registration number 1997/010035/08

Financial statements for the year ended 31 December 2012



INDEX

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

| | |
|----|---|
| 58 | Directors Responsibilities and Approval |
| 60 | Independent Auditors Report |
| 64 | Statement of Financial Position |
| 64 | Statement of Comprehensive Income |
| 64 | Statement of Changes in Equity |
| 64 | Statement of Cash Flows |
| 65 | Accounting Policies |
| 70 | Notes to the Financial Statements |





The following supplementary information does not form part of the financial statements and is unaudited:

Tax Computation

Directors Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements the related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the international Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the international Financial Reporting Standard for small and medium - sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates. The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standard for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstance is above reproach. The focus of risk management in the company is on identifying, assessing managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure,



controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The director have reviewed the company's cash flow forecast for the year 31 December 2013 and, in the light of this review and the current financial position ,they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 4 to 5.

The financial statement set out on page 8 to 19 which have been prepared on the gong concern basis, were approved by the board on 27/06/2013 and were signed on its behalf by Director





INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GAMAGARA DEVELOPMENT FORUM NPC

We have audited the financial statements of Gamagara Development Forum NPC set out pages 6 to 15, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statement

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium sized Entities and the requirements of the companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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 can also include 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion.

Opinion


In our opinion, the financial statements present fairly, in all material respects, the financial positions of Gamagara Development Forum NPC as at 31 December 2012, and its financial performance and its cash flow for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities and requirements' of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 December 2012, we have read the Directors' Report, for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.

Other matter

The supplementary information set out on pages 16 to 18 does not form part of the financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.


PricewaterhouseCoopers Inc.
Director: Kevan Moodley
Registered Auditor
Kimberley
28 June 2013

Directors' Report

The directors submit their report for the year ended 31 December 2012

1. REVIEW OF ACTIVITIES

Main business and operations.





The company is engaged in carry on public benefit activities in a non-profitable manner and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attachments financial statements and do not require any further comments.

2. GOING CONCERN

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

3. EVENTS AFTER THE REPORTING PERIOD

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

4. DIRECTORS

The directors of the company during the financial year and to the date of this report are as follows:

Name: CM Phuti; TS Bodumele; AEE Modise; MH Moolman

5. SECRETARY

The company did not have secretary during the year. Certain secretarial duties were performed by PricewaterhouseCoopers Inc

BUSINESS ADDRESS

Cnr of Welgevonden Avenue & Memorial Road
Kimberley, 8301

POSTAL ADDRESS

PO Box 32



Kimberley, 8300

6. AUDITORS

PricewaterhouseCoopers Inc. will continue in the office in accordance with section 90 (6) of the Companies Act of South Africa.

GENERAL INFORMATION

Country of incorporation and domicile South Africa Nature of business and principal activities Carry on public benefit activities in a non-profitable manner.

DIRECTORS

- NK Nakoo
- CM Phuti
- TS Bodumele
- MH Moolman
- MA Mokotong
- AEE Modise

POSTAL ADDRESS

P O Box 929, Kathu, 8446

BANKERS

First National Bank

AUDITORS

PricewaterhouseCoopers INC, Kimberley

COMPANY REGISTRATION NUMBER

1997/010035/08

PREPARER

The financial statements were independently compiled by Gert Nel CA (SA)



Statement of Financial Position

| | | 2012 | 2011 |
|-------------------------------------|-------|------------------|------------------|
| | Notes | R | R |
| Assets | | | |
| Current Assets | | | |
| Trade and other receivables | 2 | 40,673 | 9100 |
| Cash and cash equivalents | 3 | 4,126,019 | 4,241,281 |
| | | 4,166,692 | 4,250,381 |
| Non - Current Assets | | | |
| Investment property | 4 | 279,874 | 279,874 |
| Property, plant and equipment | 5 | 138,259 | 65,910 |
| | | 418,133 | 345,784 |
| Total Assets | | 4,584,825 | 4,596,165 |
| Equity and Liabilities | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 6 | 318,805 | 296,969 |
| Equity | | | |
| Retained income | | 4,266,020 | 4,299,196 |
| Total Equity and Liabilities | | 4,584,825 | 4,596,165 |

Statements of Comprehensive Income

| | | 2012 | 2011 |
|---|-------|----------------|------------------|
| | Notes | R | R |
| Revenue | 7 | 38,972,676 | 8,648,102 |
| Other Income | | 642,721 | 149,664 |
| Operating Expenses | | -39,670,997 | -5,848,530 |
| Operating surplus/(deficit) | | -55,600 | 2,949,236 |
| Investment revenue | 8 | 22,424 | 15,738 |
| Surplus/(deficit) before taxation | | -33,176 | 2,964,974 |
| Taxation | | - | - |
| Surplus/(deficit) for the year | | 33,176 | 2,964,974 |
| Other comprehensive income | | - | - |
| Total comprehensive surplus/(deficit) for the year | | -33,176 | 2,964,974 |
| Statements of Changes in Equity | | | |
| | | Capital Funds | Retained income |
| | | R | R |
| Opening balance as previously reported | | 663,595 | 670,627 |
| Adjustments | | - | - |
| Prior period error | | -663,595 | 663,595 |
| Balance at 01 January 2011 as restated | | - | 1,334,222 |
| Changes in equity | | - | - |
| Total comprehensive income for the year | | - | 2,964,974 |
| Total changes | | - | 2,964,974 |
| Balance at 01 January 2012 | | - | 4,299,196 |
| Changes in equity | | - | - |
| Total comprehensive loss for the year | | - | (33 176) |
| Total changes | | - | (33 176) |
| Balance at 31 December 2012 | | - | 4,266,020 |
| Notes | | | |

Statements of Cash Flows

| | | 2012 | 2011 |
|---|-------|------------------|------------------|
| | Notes | R | R |
| Cash flows from operating activities | | | |
| Cash receipts from customers | | 3 936 177 | 8,635,272 |
| Cash paid to suppliers and employees | | (39 390 966) | (4 957 557) |
| Cash (used in) generated from operations | 11 | (23 789) | 3,677,715 |
| Interest income | | 22,424 | 15,738 |
| Net cash from/(used in) operating activities | | (1 365) | 3,693,453 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | 5 | (113 897) | (42 151) |
| Net increase/(decrease) in cash, cash equivalents and bank overdrafts for the year | | (115 262) | 3,651,302 |
| Cash, cash equivalents and bank overdrafts at the beginning of the year | | 4,241,281 | 589,979 |
| Cash, cash equivalents and bank overdrafts at the end of the year | 3 | 4,126,019 | 4,241,281 |

ACCOUNTING POLICIES

1. Presentation of Financial

Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa.

The financial statements have been prepared on the historical cost basis, and incorporate the

principal accounting policies set out below. They are present in South Africa Rands.

These accounting policies are consistent with the previous period.

1.1 Investment property

Investment property is initially recognised at cost.

Cost include costs incurred initially to acquire or construct an investment property 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 investment property, the carrying amount of the replaced

item is derecognised.

This includes cost incurred to bring the asset to the location and necessary for it to be capable of operating in the manner intended by management.

The initial estimate of the costs of dismantling and removing the item and restoring the site on

which it is located is also included in the cost of the investment property.

Subsequent to initial measurements, investment property is measured at fair value.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- * are held for use in the production or supply of goods or services, for rental to others or, for administrative purpose; and
- * are expected to be used during more than one period.

Historical cost includes expenditure that is directly attributable to bringing the asset to the

location and condition necessary for it to be capable of operating in the manner intended by

management.



The company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Land is not depreciated. Depreciated on other assets is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

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

| Item | Average useful life |
|-------------------------------|----------------------------|
| Furniture and fixtures | 6 years |
| Office equipment | 5 years |

Accounting Policies

1.2 Property, plant and equipment (continued)

The assets residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, if there is an indication of a significant change since the reporting date.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposal are determined by comparing the proceeds with the amount and are recognised in profit or loss in the period.

An assets carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.



1.3 Financial instruments

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash on hands, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statements of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.



1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Gamagara Development forum NPC

(Registration number 1997/010035/08)

Financial Statements for the year ended 31 December 2012

| Notes to the Financial Statements | 2012 R | 2011 R |
|--|-----------------------------------|-------------------------|
| 2. Trade and other receivables | | |
| Trade receivables | 403,601 | 8600 |
| Employee costs in advance | - | 500 |
| Provision for impairment | (362 928) | - |
| | 40,673 | 9,100 |
| 3. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | - | 875 |
| FNB Current Account | 3,363,813 | 3,751,757 |
| FNB Money Market Account | 762,206 | 488,649 |
| | 4,126,019 | 4,241,281 |
| 4. Investment property | | |
| Reconciliation of investment property - 2012 | | |
| Investment property | Opening balance 279,874 | Total 279,874 |
| Reconciliation of investment property - 2011 | | |
| Investment property | Opening balance 279,874 | Total 279,874 |
| Details of property | | |
| Erf 1341 Kathu | | |
| - Purchase price | 279,874 | 279,874 |
| A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company. | | |

| Notes to the Financial Statements | 2012 R | | | 2011 R | | |
|---|---------------------|-----------------------------|-------------------|---------------------|-----------------------------|-------------------|
| 5. Property, plant and equipment | | | | | | |
| | 2012 | | | 2011 | | |
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying Value |
| Furniture and fixtures | 55,773 | (30 690) | 25,083 | 55,773 | (254870) | 30,286 |
| Office equipment | 40,248 | (12 742) | 27,506 | 31,450 | (5 719) | 25,731 |
| IT equipment | 117,380 | (31 710) | 85,670 | 12,281 | (2 388) | 9,893 |
| Total | 213,401 | (75 142) | 138,259 | 99,504 | (33 594) | 65,910 |
| Reconciliation of property, plant and equipment - 2012 | | | | | | |
| | Opening balance | Additions | Depreciation | Total | | |
| Furniture and fixtures | 30,286 | - | (5 203) | 25,083 | | |
| Office equipment | 25,731 | 8,798 | (7 023) | 27,506 | | |
| IT equipment | 9,893 | 105,099 | (29 322) | 85,670 | | |
| | 65,910 | 113,897 | (41 548) | 138,259 | | |
| Reconciliation of property, plant and equity - 2011 | | | | | | |
| | Opening balance | Additions | Depreciation | Total | | |
| Furniture and fixtures | 33,573 | 5,920 | (9 207) | 30,286 | | |
| Office equipment | 5,125 | 23,950 | (3 344) | 25,731 | | |
| IT equipment | - | 12,281 | (2 388) | 9893 | | |
| | 38,698 | 42,151 | (14 939) | 65,910 | | |
| 6. Trade and other payables | | | | | | |
| Trade payables | | | | 10,344 | 7,408 | |
| SIOC Community Development Trust | | | | 270,721 | 270,721 | |
| Rental deposits | | | | 5,340 | 5,340 | |
| Rent received in advance | | | | 32,400 | 13,500 | |
| | | | | 318,805 | 296,969 | |
| 7. Revenue | | | | | | |
| Project income | | | | 32,636,876 | 5,894,545 | |
| Tender fees | | | | 40,500 | 11,650 | |
| Assmang funding | | | | - | 500,000 | |
| SIOC Community Development Operational income | | | | 6,295,300 | 2,241,907 | |
| | | | | 38,972,676 | 8,648,102 | |

8. Interest revenue

| | | |
|---------------------|--------|--------|
| Interest revenue | | |
| First National Bank | 22,424 | 15,738 |

Notes to the Financial Statements

| 2012 | 2011 |
|------|------|
| R | R |

9. Auditors remuneration

| | | |
|------|--------|--------|
| Fees | 21,090 | 37,050 |
|------|--------|--------|

10. Expenses by nature

| | | |
|---|-------------------|------------------|
| Depreciation, amortisation and impairments | 404,477 | 14,939 |
| Advertising | 638,025 | 380,516 |
| Employee costs | 2,360,284 | 955,532 |
| advertising | 36,268,211 | 4,497,543 |
| Total cost of sales, distribution costs and administrative expenses | 39,670,997 | 5,848,530 |

11. Cash (used in) generated from operations

| | | |
|-------------------------------------|-----------------|------------------|
| (Deficit)/surplus before taxation | (33 176) | 2,964,974 |
| Adjustments for: | | |
| Depreciation and amortisation | 41,549 | 14,939 |
| Interest received | (22 424) | (15 738) |
| Provision for impairment of debtors | 362,928 | - |
| Changes in working capital: | | |
| Trade and other receivables | (39 4502) | 430,000 |
| Trade and other payables | 21,836 | 283,540 |
| | (23 789) | 3,677,715 |

Detailed Income Statement

| | Note(s) | 2012 | 2011 |
|---|---------|---------------------|--------------------|
| | | R | R |
| Revenue | | | |
| Project income | | 32,636,876 | 5,894,545 |
| SIOC Community Development Trust - Operational income | | 6,295,300 | 2,241,907 |
| Tender fees | | 40,500 | 11,650 |
| Assmang funding | 7 | - | 500,000 |
| | | 38,972,676 | 8,648,102 |
| Other income | | | |
| Rental income | | 279,632 | 149,664 |
| Project allocation - Other than SIOC -cdt | | 362,929 | - |
| Credits/refunds | | 160 | - |
| Interest received | 8 | 22,424 | 15,738 |
| | | 665,145 | 165,402 |
| Expenses (Refer to page 17) | | (39 670 997) | (5 848 530) |
| Surplus/(deficit) for the year | | (33 176) | 2,964,974 |

Detailed income Statement

| | Note(s) | 2012 | 2011 |
|--|---------|------------|-----------|
| | | R | R |
| Operating expenses | | | |
| Accounting fees | | 19,081 | 3,813 |
| Advertising | | 638,025 | 380,516 |
| Auditors remuneration | 9 | 21,090 | 37,050 |
| Bad debts written off | | 500 | - |
| Bank Charges | | 9,793 | 14,563 |
| Board Meetings | | 2,300 | 22,000 |
| Cleaning | | 11,873 | 6,602 |
| Computer expenses | | 29,898 | 9,332 |
| Consulting Fees | | 606,951 | 307,551 |
| Depreciation, amortisation and impairments | | 404,477 | 14,939 |
| Donations | | 151,762 | 36,796 |
| Employee costs | | 2,360,284 | 955,532 |
| Entertainment | | 19,469 | 9,730 |
| Funeral costs | | - | 550 |
| Gifts | | 3,350 | 9,769 |
| Insurance | | 28,265 | - |
| Legal expenses | | 21,104 | - |
| Motor vehicle expenses | | 43,731 | 21,809 |
| Office refreshments | | 18,226 | 22,825 |
| Postage | | 1,145 | 304 |
| Printing and stationery | | 53,644 | 41,804 |
| Project Funding expense | | 34,667,496 | 3,551,768 |

| | | |
|--------------------------|---------------|---------------|
| Rent paid | 61,637 | 9,656 |
| Repairs and maintenance | 9,309 | 81,197 |
| Road shows and launches | 80,793 | 4,218 |
| Seminars and conferences | 89,587 | 138,373 |
| Small office equipment | - | 4,301 |
| Staff Training | - | 16,077 |
| Subscriptions | - | 149 |
| Telephone and fax | 79,996 | 35,034 |
| Travel - local | 210,591 | 94,624 |
| Utilities | 26,620 | 17,648 |
| | 39,670,997 | 5,848,530 |

Tax Computation

| | |
|---|------------------|
| Net loss per income statement | (33 176) |
| Assessed loss for 2012 - carried forward | (33 176) |
| Assessed loss brought forward | (640 818) |
| Tax loss carried forward | (673 994) |
| Tax thereon @ 28% | - |

MR. THAMSANQA MGCINA

FINANCIAL MANAGER



PROSPECTUS FOR FUTURE WORK

In the coming year(s) the Forum will thrive to meet and surpass expectations of its stakeholders especially the beneficiary communities. Some the areas Forum will focus on are as follows:

- The Board will improve its liaison with the beneficiary communities through a better communication system in respect of stakeholder management and through AGM.
- The Forum will revisit the 2012 projects that fell behind due to protest action in Olifantshoek and fast track them especially the hospital rehabilitation project.
- The Forum will invest in capacitating emerging contractor who form part its suppliers, and who are operating and registered within Gamagara Local Municipality. This capacitation will be done through Contractor Development Programme.
- There will be an improved information feedback loop between the Forum and the beneficiary communities with respect to community needs and

verification/validation of the actual levels of need through baseline surveys to be used as basis for future impact assessments.

- There will be follow up actions on completed projects to ensure full use of the capacity by target communities as well as compliance with the intended maintenance of the assets.
- The Forum will more closely explore diversification of funding through introduction of projects in focus areas that will attract other strategic partners/donors as well as engagement in projects of an entrepreneurial nature, income generation and/or cost recovery approaches.
- With the recognition that there is a need for integration of sustainability principles in all the projects that the Forum implements, additional projects or supplementary activities will be explored along the Sustainable Development theme.
- The Forum will even out the spread of its projects across the spectrum of



focus areas on the basis of objectively identified development needs. Without abandoning the areas in which the Forum is already operating, it will however further explore possibility of introducing projects in the barely touched focus areas such as, Conservation and Welfare; and Sport, Arts and `culture.

- Management will complete alignment to the Short-Term Strategy and Business Plan recommendations already approved by the Board. The staff vacancies will be filled according to the Business Plan activities and indicators. There will be a more structured staff development programme that is monitored through periodic staff appraisals that will show

the growth in individual careers of staff members within their job descriptions.

- There will be a greater link with the Super Trust in terms of staff development to ensure that the roles in GDF complement those of SIOC-cdt and vice-versa in order to more efficiently use the resources allocated to community development.
- There will be a more accountable and transparent process to tracking multi-year projects with respect to timelines and cost. A project monitoring dashboard will be explored with a possibility of improving monitoring and supervision of projects by all concerned levels through the project's life-cycle.





NOTICES AND ANNOUNCEMENTS

74

The sad passing of Ms Maria Diniza who was the representative of Gamagara Local Municipality as the Mayor and Gamagara Development Forum Board Member.



CONTACT US

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