



ANNUAL REPORT

20|3 - 20|4



enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

Vision

To make iLembe District the destination of choice for investment and business

Mission

To drive economic development in the iLembe District



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Chapter I

Introduction & Overview

I.1. OVERVIEW OF ILEMBE DISTRICT MUNICIPALITY

iLembe District Municipality is situated on the East Coast of South Africa in the Province of KwaZulu Natal. iLembe District is bordered by eThekweni Metro in the South, linked to Uthungulu District in the north by the coastal highway, which is a key corridor in the region and is bordered in the west by Umgungundlovu and Umzinyathi Districts. It is located between Africa's busiest ports of Richards Bay and Durban and is in close proximity to the King Shaka International Airport and the Dube Tradeport. It is the smallest District Municipality in the province with a total population of approximately 606 000. The municipality covers 3 260 square kilometres and is divided into four local municipalities:

- > Maphumulo Municipality
- > Ndwedwe Local Municipality
- > KwaDukuza Local Municipality
- > Mandeni Municipality



iLembe is located between two of Africa's busiest ports, Durban and Richards Bay, and is therefore well positioned not only to local, but also international markets. Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions. The District has been proactive in developing a broad based intervention to facilitate local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

The economic sectors that constitute the pillars of iLembe's economy are the following:

- > **Agriculture** - This sector is mainly characterised by two main distinct types:
 - Commercial agriculture, such as sugar cane farming along the coastal strip
 - Subsistence agriculture in the rural hinterland and inland areas
- > **Manufacturing** - This sector is mainly characterized by the following types of industries:
 - Primary sector comprises of heavy industries, such as sugar and paper mill production in the Isithebe Industrial Estate near Mandeni
 - Secondary sector activities include light industries that are prevalent throughout the district and with a focus on the rural areas of the district as well as along the coastal belt
- > **Tourism** - iLembe is one of the prime domestic tourism attractions in South Africa due to its favourable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorised as follows:
 - Cultural and heritage tourism
 - Beach tourism
 - Nature-based, agricultural and adventure tourism
- > **Commerce and Services** - This sector includes the following sub sectors and is found in all the main urban centres throughout the district with specific reference to the towns of KwaDukuza and Ballito:
 - Wholesale / Retail Trade / Transport / Storage / Communication / Financial / Insurance
 - Real Estate Business / Community / Social / Personal Services / Government Services





Foreword

by the Chairman

The Board, during the past year has provided strategic direction and oversight to the Management of the organisation. As a young organisation, we are proud of the achievements in building an enterprise with an enviable profile and a plausible delivery track record. The announcement by the Provincial Cabinet to establish Agencies such as Enterprise iLembe across the province is hailed as a major success for the organisation. In addition all districts are now mandated to roll-out the National Schools Nutrition Programme via these Agencies. This is seen as a further 'feather in the cap' for Enterprise iLembe so to speak.

While the pilot implementation of the National Schools Nutrition Programme (NSNP) proved to be an immense challenge for the Entity also impacting on the delivery of other projects and programmes; we are extremely pleased that as a Board and Management we were able to overcome these challenges through collective collaboration and planning. We look forward to another successful year of implementing this exciting and rewarding programme.

As an Entity we are always under enormous pressure to deliver and to create practical and efficient mechanisms to improve our LED projects implementation, and to generate new LED projects. The organogram of the organisation was reviewed in line with this and we are hoping that, in filling key vacant positions early in the next financial year will increase our capacity to deliver on the mandate by the Shareholder.

In reviewing the performance of the entity through the Service Delivery Budget Implementation Plan, as a Board we are pleased with the overall performance whilst conceding that there is a lot more that needs to be done in order to address the triple challenge of poverty, inequality and job creation.

As a Board, we are incredibly indebted to the visionary political leadership of the Council of iLembe District, led by His Worship Mayor Mdabe, and the Management team led by Mr. Gumede. We are looking forward to a much better 2014/2015 period, in which we hope to register better performance in the area of job creation and economic development.

A handwritten signature in black ink, appearing to be 'B.N. Linda', written over a light blue horizontal line.

MR. B.N. LINDA
Chairman





Foreword

*by the Acting
Chief Executive Officer*

Enterprise iLembe has just completed a challenging but very successful year. The biggest challenge was the implementation of the National Schools Nutrition Programme (NSNP), which, during the third quarter of the year almost drained the entity's cash flow. On the other hand we also had a successful year.

- > The iLembe Co-operative Winery celebrated its first production with a very successful opening of the winery by the MEC for Co-operative Governance and Traditional Affairs;
- > The winery project won the KwaZulu-Natal provincial prize for the Best Community Project.
- > Challenging as it may, the implementation of the NSNP was hailed as the most effective weapon to fight poverty in the country by the Premier of KZN and his Cabinet. The other 10 districts in the Province were mandated to also adopt the iLembe Initiative.

iLembe District continues to be the fastest growing district in KwaZulu-Natal. Significant new businesses have opened in the district including a new luxury motor dealership in Ballito; the SMD Motor Group who also adopted the 'green approach' in the construction of their building. In September 2014 a new Virgin Active Fitness Centre opened its doors in the district. Corobrick is also preparing to establish a presence in the region. KwaDukuza Municipality has approved development projects worth over R5billion.

The implementation of the NSNP came with many challenges as both the Department of Education (DoE) and Enterprise iLembe entered a completely new area of operation. The difficulty in reaching a legal agreement that was satisfactory to Enterprise iLembe left the Entity at a disadvantage and at the mercy of DoE appointed service providers. Only 50% of the service providers 'procured' vegetables from our farmers. They insisted on buying the same at cost. Enterprise iLembe thus could not recover the costs of implementing the service. In addition, the delays in processing payments by DoE put Enterprise iLembe's cash flow in a very precarious situation.

Despite the challenges, Enterprise iLembe with support from our shareholder the iLembe District Municipality, managed to weather the storms and successfully implemented this important poverty alleviation project. During this process DoE was made aware of the challenges the contract posed to Enterprise iLembe. Consequently, the Department of Education and Enterprise iLembe have concluded a much better contract that gives Enterprise iLembe the responsibility to supply fresh produce direct to the schools rather than to the service providers. This will enable Enterprise iLembe to recover the costs of running the programme. This agreement will also benefit other districts that still have to start implementing the NSNP.

The NSNP and other social challenges have, unfortunately had a negative impact on other projects. The local Inkosi closed down the vineyards in Ndwedwe for 3 months because of an ownership of land misunderstanding. This severely affected the vines, which needed extra care in this locality as it is not a natural vine growing area. The whole vineyard needs to hence be replanted. In addition the harvesting season coincided with the dire cash flow situation and thus the vineyards in Maphumulo and Mandeni could not be harvested in February 2014.

The Technical Partner for the Hydroponic Tunnels withdrew from the project in March 2014. Enterprise iLembe has, in consultation with the affected employees from the tunnels, prepared a new business turnaround plan, which will rescue the Hydroponic Tunnels as sustainable businesses. The Economic Development Portfolio Committee of iLembe District Municipality is currently in discussions with Amakhosi and the ward councilors to agree on the

ownership model of the project and other community projects that Enterprise iLembe fosters. Once the Council and the Department of Co-operative Governance and Traditional Affairs have approved the model, the projects will be duly transferred to the community relevant structures. Enterprise iLembe will, however, continue to support the new owners to ensure long-term sustainability of the projects.

iLembe District was designated as the KwaZulu-Natal Economic Hub for renewable energy and to this end Enterprise iLembe conducted a pre-scoping study of the potential of renewable energy projects in iLembe. Results indicated possibilities in solar, small hydro on the Thukela river and biomass projects in the district. In addition, The Department of Economic Development, Tourism and Environmental Affairs are also investigating the development of a renewable energy hub in the District. In the hub there will be research and manufacturing facilities for renewable energy plants.

With funding from COGTA, Enterprise iLembe also conducted a Local Development Strategy for the region. The strategy is in line with the Provincial Growth and Development Plan.

Tourism continues to be a significant contributor to the economy of iLembe District contributing in the region of R1.6 billion to the economy and creating about 8000 jobs. Enterprise iLembe formed key strategic partnerships with our provincial partners and continues to collaborate with the District's tourism businesses to ensure that more and more tourists visit the region. Enterprise iLembe is forming a strategic alliance with Ethekewini municipality's tourism body, Durban Tourism in order to partner, align and leverage on programs and projects.

As part of tourism promotion Enterprise iLembe participates in the key travel and tourism exhibitions such as Domestic Shows in Gauteng and Cape Town and the International Tourism Indaba including the production of relevant marketing material such as the Annual Visitor Guide. Events are also seen as a key tool to position and attract more tourists to the region and to this end Enterprise iLembe supports. Annual events such as Hlomendlini Cultural Event and Dolphin Ultra Marathon as well as those hosted by our local municipalities, which include The Mr. Price Pro and iBeach Festivals.

Enterprise iLembe is a lead participant in the development of the Liberation Heritage Route from Durban through Inanda, Ndwedwe, KwaDukuza, Maphumulo and Mandeni. As part of this development, Enterprise iLembe is preparing a feasibility study for the re-development of the King Shaka Observation Rock in Groutville to be a world-class heritage and tourism site. This is with the aim to increase product development and geographical spread of tourism as well as to unlock the potential of historical sites in the district. Funding from the Department of Economic Development Tourism and Environmental Affairs will assist with the kick-start of the King Shaka Tourism Route Project with initial upgrades to the King Shaka Visitor Centre in KwaDukuza.

Marketing and positioning of the District in line with our vision continues through various mediums and platforms and this includes both print and online media. There is continuous engagement with our partners such as IDC, TIKZN and TKZN around investment promotion initiatives that the Agency can leverage off.

Support and guidance from our key stakeholders, the political and administrative leadership of iLembe District Municipality and the iLembe family of local municipalities i.e. KwaDukuza, Mandeni, Maphumulo and Ndwedwe is key to Enterprise iLembe implementing its mandate. Once again we say "Thank you" to them.

We also like to thank all our partners and stakeholders including the Department of co-operative Governance and Traditional Affairs, Education, Agriculture, and Economic Development as well as our private sector partner the iLembe Chamber of Commerce, Industry and Tourism.

The Board of Directors of Enterprise iLembe continues to provide guidance at very critical periods during the past financial year. We are grateful to have such a committed Board to help us weather the storms.

Our staff members remain our very change agents in their own spheres. Continue to be the beacon of hope for poor communities in the District.



MR. Z.S. GUMEDE
Acting CEO



I.4. EXECUTIVE SUMMARY

The mandate of Enterprise iLembe remains clear; to drive socio economic development through poverty alleviation and sustainable job creation.

Business has changed and will continue to change. The economy and the world markets have changed and will continue to change. What will determine our sustainability is our continuous ability to adapt to that change, ensuring continuous and meaningful impact in the communities we serve.

Enterprise iLembe has progressed well in balancing building capacity appropriate for a well resourced agency, whilst running a implementing a number of LED projects. Our success in these areas has seen us receive recognition by industry, peers, government, but more importantly and most rewarding, the appreciation expressed by the communities that have benefited from the LED projects we have implemented to date.

Strategic partnerships have been formed with key stakeholders in the National, Provincial and Local space in order to unlock opportunities for local economic development and empowerment in iLembe, and we will continue to nurture and grow these partnerships.

Enterprise iLembe will continue to position itself as an Agency for doing business in iLembe.

I.5. OBJECTIVES & FUNCTIONS OF ENTERPRISE ILEMBE

Enterprise iLembe was established primarily to drive Economic Development in the iLembe District and to promote trade and investment in the region.

I.5.1 AGENCY MANDATE AND FUNCTIONS

- > Develop and strengthen the local economic development strategy on behalf of the district and family of municipalities
- > Champion a wide range of activities which emerge as important from the family of IDPs and LED Strategies
- > Co-ordinate LED activities to ensure alignment and integration
- > District marketing and promotion of tourism and investment promotion
- > Facilitate the identification, packaging and implementation of catalytic projects in the four key sectors and new sectors
- > Provide professional and multi-skilled support and networking services to major investors who wish to invest in the region

I.5.2 OPERATING PRINCIPLES

- > Bring the poor and previously disadvantaged to the centre of development
- > Develop strategies to minimize the gap between the 2nd and 1st Economy
- > Build a synergistic relationship between Local Economic Development and Social Upliftment
- > Build Linkages between the established coastal economies and historically marginalised rural areas
- > Build a culture of Social, Economic & Environmental interdependency as the first test when evaluating opportunities (i.e. triple bottom line)
- > Focus LED around realistic catalytic initiatives natural to the region and wherever possible building on the uniqueness of local competitive advantage and market differentiation
- > Building a capacity to nurture effective and mutually beneficial partnerships based on fair and equitable business principles
- > Ability to leverage Broad Based Black Economic Empowerment (BBBEE) as measured by direct or potential equity and not only new jobs created

I.5.3 KEY STRATEGIC OBJECTIVES

Strategic Objective 1:

Facilitate research that assists with Policy Development and formulation that impacts the mandate of the Agency:

- > Identify policies and Acts that effect the Agency
- > Research Team
- > Market Intelligence(international, national, provincial, local)
- > Research that will influence the decision making process

Strategic Objective 2:

Influence policy and the regulatory environment for socio economic development and investment.

- > Identify existing structures and leverage of those
- > If none, create structures
- > Use structures to engage government
- > Include issues of infrastructure and spatial planning
- > Influence infrastructural and spatial planning

Strategic Objective 3:

Identify, build and co-ordinate partnerships among socio economic stakeholders

Strategic Objective 4:

Facilitate the packaging & implementation of projects in existing and new sectors

Strategic Objective 5:

Market and Promote the iLembe District as an Investment, Tourism & Business Destination

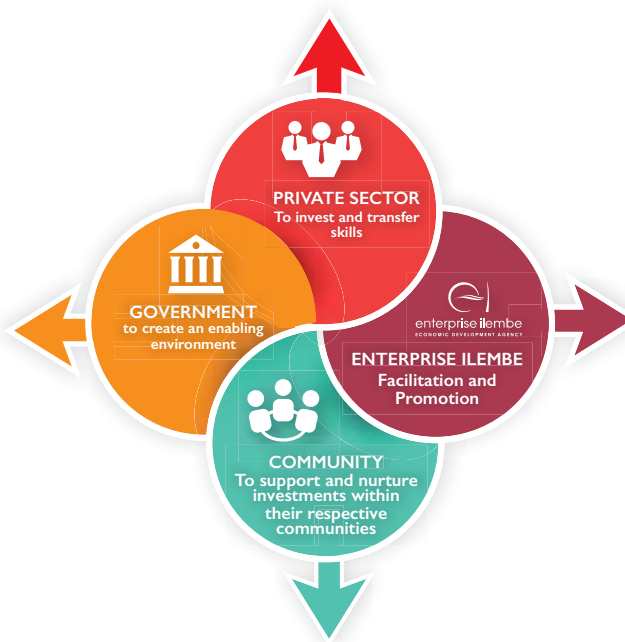
Strategic Objective 6:

Research other potential growth sectors in addition to the current four sectors of main focus.

I.5.4. ROLES AND RESPONSIBILITIES

It is the role of Enterprise iLembe to facilitate and promote socio economic development in the region. The role of Enterprise iLembe can be further defined as follows;

- > Nurture new ideas which have commercial potential AND have high impact potential in regards to poverty alleviation, jobs and empowerment
- > Build partnerships between public sector; support institutions, private sector and the community
- > Build partnerships within each locality and support one another in service delivery
- > Collectively build the gap between the 1st & 2nd economies though catalytic & high impact projects





Audit Committee Report

The Enterprise iLembe Audit Committee presents its report to the Board for the year ended 30 June 2014, below. The legal responsibilities of the Audit Committee are set out in terms of the Municipal Finance Management Act, No. 56 of 2003 (Section 166) and the Companies Act, No. 71 of 2008 (Section 94).

Audit Committee members and attendance at meetings

The Audit Committee comprised of 4 independent, external members and is required to meet at least 4 times per annum as per the Audit Committee Charter. Additional meetings may be called for as the need arises. Members' attendance at the meetings is listed below:

Name	No of Meetings Attended	22 Aug 2013	07 Nov 2013	22 Jan 2014	30 Jan 2014	24 Jun 2014
Mrs. C Jugnarayan (Chairperson)	5	√	√	√	√	√
Mr. D Bosch (Deputy Chairperson)	5	√	√	√	√	√
Mr. J Muir	5	√	√	√	√	√
Mr. S Nel	4	√	√	√		√

The Mayor of the Municipality, the Chairperson of the Board and the Chairperson of the Municipal Public Accounts Committee (MPAC) are invited to the Audit Committee meetings.

Audit Committee responsibility

The Audit Committee has been set up in accordance with the Municipal Finance Management Act, No. 56 of 2003 (Section 166) and operates within the terms of the Audit Committee Charter approved by the Council of the iLembe District Municipality and the Board of Enterprise iLembe.

Section 121(4) (g) of the Municipal Finance Management Act, No. 56 of 2003 requires that the annual report must include any recommendations of the Municipality's Audit Committee.

In the conduct of its duties, the Audit Committee has performed the following statutory duties:

1. Reviewed internal financial control and internal audits.

The internal audit function was operational for the financial year. KPMG continued as internal auditors to the entity performing all internal audit duties other than the audit of performance management. The latter is conducted by the internal audit unit of the iLembe District Municipality.

The internal audit plan for the financial year ending 30 June 2014 was presented and accepted by the Audit Committee. The Audit Committee at each meeting assesses performance against the plan and reviews the plan to ensure that critical risks of the operations of the Entity and the findings of the Auditor-General are addressed. The Committee reviewed the changes to the internal audit charter and accepted the revised charter.

Six internal audit reports were completed and tabled at the Audit Committee meetings, in terms of the approved internal audit plan. Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues reported on.

To further enhance the processes in place, internal audit conducted 3 follow up audits on previously reported internal audit findings and reported progress to senior management and the Audit Committee.

Management is required to implement appropriate systems of internal controls and corrective action to address the identified weaknesses and possible irregularities. Although there are controls in place, the existing systems and procedures require enhancement and continued monitoring.

Currently the report on the 2013/2014 annual financial statement review is being finalised.

2. Risk Management

The Entity conducted a risk assessment workshop on 10 April 2014 and the top key risks were identified, measured and prioritised. The Risk Management Committee, at its meeting held on 1 July 2014, discussed and approved the risk register. The updated register was tabled at the meeting of the Board of Directors held on 5 August 2014.

The internal auditors have drafted the internal audit plan for 2014/2015 using the revised risk register.

3. Review of financial statements and Accounting Policies.

The Audit Committee, during its review of the financial statements of the entity for the year ended 30 June 2014, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognised Accounting Practices (GRAP). The Audit Committee at its meeting held on 26 August 2014, discussed, provided comments and recommendations to enhance the quality of the annual financial statements.

The Audit Committee is satisfied that overall the financial statements of the entity for the year ended 30 June 2014 comply with relevant provisions of the Municipal Finance Management Act and GRAP and the Companies Act and, considering our inputs and recommendations, has recommended the annual financial statements for submission to the Auditor-General.

4. The adequacy, reliability and accuracy of financial reporting and information

No information furnished by Internal Audit, the Auditor-General and Management itself, which has caused the Audit Committee to believe that the Entity's system of internal financial control is not effective and does not form a basis for the preparation of reliable financial statements.

5. Performance Management

The Audit Committee also serves as the performance Audit Committee for Enterprise iLembe.

The Audit Committee reviewed the four quarterly performance reports and the internal audit reports on performance management for 2013/2014 based on the Entity's scorecard.

The Audit Committee is pleased to note that the overall internal audit ratings of the effectiveness of internal controls around performance management is satisfactory and controls are in place to provide management with reasonable assurance that risks will not materialize but there is a room for improvement.

6. Effective Governance

The Audit Committee has satisfied itself that the external auditor was independent of the Entity, as required by the Public Audit Act, No. 25 of 2004 and as set out in section 94(8) of the Companies Act, 2008.

The Audit Committee fulfils an oversight role regarding the Entity's reporting process, including the system of internal financial control. It is responsible for ensuring that the Entity's internal audit function is independent and has the necessary resources, standing and authority within the Entity to enable it to discharge its duties. Furthermore, the Audit Committee oversees cooperation between the internal and external auditors, and serves as a link between The Board and these functions.

The internal and external auditors have unlimited direct access to the Audit Committee, primarily through its chairperson.

The Audit Committee expresses concern that the appointment of the Chief Executive Officer and new Directors to the Board of the Entity by the parent Municipality has not yet been finalised. The delay in the appointment of these key positions is hampering the effective leadership of the organisation.

7. Compliance with Legislation and Ethics

The Audit Committee has noted instances of non-compliance with policies and procedures, the Municipal Finance Management Act and National Treasury Regulations.

The areas of non-compliance have been noted, mainly through the reports submitted by internal audit. The non-compliance and recommendations to management have been documented in the internal audit reports. In these internal audit reports, management have provided comments on the findings, recommendations and timing of the action thereof.

Recommendations

- > The Board and management should ensure that sustainability plans are in place, monitored and adequate steps are taken to ensure that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations;
- > The Chairperson of the Board of Directors should actively engage the Mayor and Council of the parent Municipality with a view to the finalisation of the appointment process of the Chief Executive Officer and new Board members.
- > The Board and management need to continuously monitor internal controls over SCM processes;
- > Management should ensure that accurate, reliable and complete financial and performance information is submitted quarterly for review by the Committee; and
- > Management should interact with the external auditors for interim audits with a view to identify and address shortcomings timely.

Conclusion

The Audit Committee is pleased to report that management & the Board of Directors have considered and implemented its previous recommendations.

The Audit Committee is of the opinion that in addition to the recommendations to the Board, management is required to implement appropriate systems of internal controls and/or corrective action to address the agreed concerns as identified by both Internal Audit, the Auditor General and Senior Management. The status of implementation of corrective measures is to be reported at every meeting of the Audit Committee to enable monitoring.

The Audit Committee is pleased to report that the Entity has received a Clean Audit report. The Audit Committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and hence the Audit Committee is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

The Audit Committee takes this opportunity to congratulate the Board and Management on their countless efforts and commitments in obtaining a Clean Audit report from the Auditor-General and would like to express gratitude for their support and fruitful discussions with the Committee.

On behalf of the Audit Committee



MS. C. JUGNARAYAN
Chairperson





Chapter 2

Service Delivery & Performance Highlights

2.1. KEY SUCCESSSES & CHALLENGES

The piloting of the Schools Nutrition Programme by Enterprise iLembe was seen as both a challenge and one of the key successes for the Entity as Cabinet has resolved to rollout the programme across the entire province. The project involves the weekly supply of vegetables via approximately 105 service providers to 410 schools (comprising approximately 155 583 students) located in the iLembe District Municipality. Since the inception of the project when approximately 70% of the vegetables were sourced from local farmers, Enterprise iLembe has managed to ensure that this has changed to 100%. There are currently 40 small-scale co-operative farmers benefiting from this initiative. The challenge however is ensuring sustainability as Enterprise iLembe had to initially fund the project without having the necessary budget to do so. This impacted negatively on the Entity's spending and cash flow.

Other challenges include;

- > Not being able to attract a Technical Partner for the Biodiesel Plant in Mandeni
- > The Technical Partner for the Hydroponic Tunnels withdrew from the project
- > There was no vineyard harvesting due to a negative cash-flow situation
- > Enterprise iLembe was also not successful in securing funding for new projects in this financial year

Some of successes include;

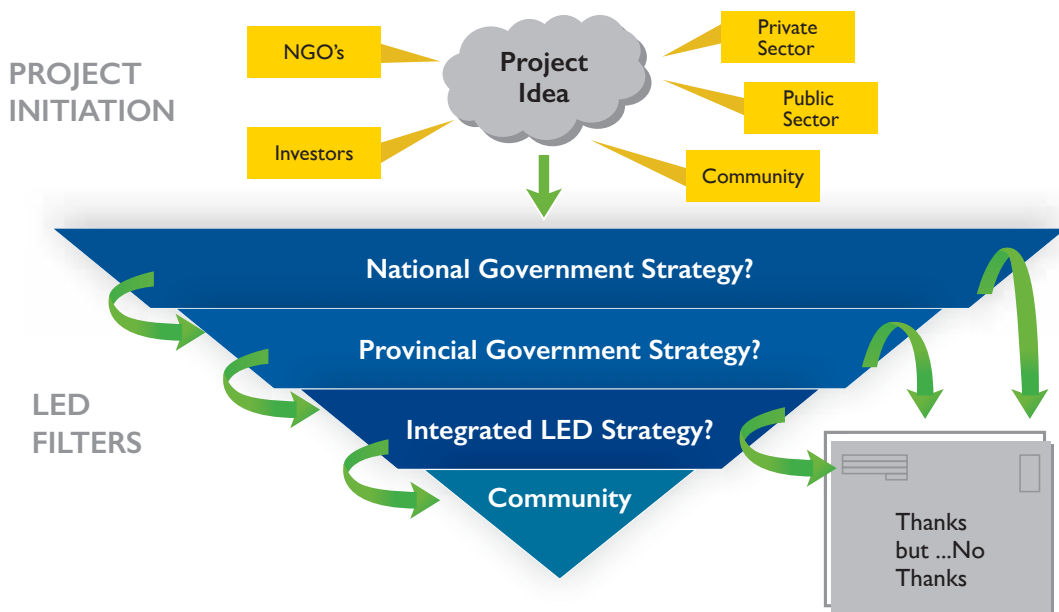
- > The iLembe Co-operative Winery celebrated its first production with a very successful opening of the winery by the MEC for Co-operative Governance and Traditional Affairs
- > The winery project won the KwaZulu-Natal provincial award for the Best Community Project
- > Challenging as it may, the implementation of the NSNP was hailed as the most effective weapon to fight poverty in the country by the Premier of KZN and his Cabinet. The other 10 districts in the Province were mandated to also adopt the iLembe initiative
- > Achievement of a clean audit opinion

Overall the iLembe District continues to grow at a rapid pace attracting new business to the region. The partnerships that Enterprise iLembe has forged with various stakeholders in both the public and private sector continues to strengthen.

2.2. PROJECTS UNDERTAKEN

2.2.1 THE PILLARS FOR PROJECT IDENTIFICATION

THE PILLARS ...



2.2.2. MULTI-YEAR FUNDED PROJECTS

Name	24 Jun 2014
iLembe Vineyards and Winery Project	<p><i>Budget Allocation 2013/2014 – R1 138 233</i> <i>Expenditure as at 30/06/2013 – R1 138 233</i> <i>Project Funderls: DCOGTA and IDC</i></p> <p>The iLembe vineyards and winery project is a two phased project which involves the establishment of a primary Villard Blanc crop for further processing in a winery established as a first of its kind in the District. A total of 10.1 hectares of vines have been planted across Mandeni, Maphumulo and Ndwedwe and a winery located at the Colisheen Estate in Mandeni.</p> <p>In the District's first harvest last year 28 tons (15 tons in Nyoni, 7 tons in Maphumulo and 6 tons in Ndwedwe) of grapes were gathered from the three vineyards, this produced a total of 8000 liters of dry white wine.</p> <p>Unfortunately, due to funding constraints Enterprise iLembe was unable to harvest this year meaning that there was no processing taking place at the winery.</p> <p>Enterprise iLembe finalized the process of getting the Liquor License for the Sale of alcohol in the winery. This process was finalized in May 2014.</p>
iLembe Open Farms	<p><i>Budget Allocation 2013/2014 – R2 106 509</i> <i>Expenditure as at 30/06/2014 – R2 106 509</i> <i>Project Funderls: iLembe District Municipality</i></p> <p>The project entails establishing and supporting community-based co-operatives to operate viable agricultural farms, which produce vegetables and other cash crops for both the community's needs and for sale to the Department of Education's Service Providers for the National School's Nutrition programme. The District's piloting of the Schools Nutrition programme opened up sustainable and reliable markets for the local small-scale farmers, the farms have been producing vegetables as per the Department of Education's menu plan. Vegetables such as cabbages; butternut; spinach; carrot and green beans are then harvested weekly and supply to the National Schools Nutrition programme.</p> <p>Phase one which was initially implemented last year has seen 40 farms being prepared and producing vegetables for the programme. Every year 40 additional farms will be identified to increase production levels for the Programme. To date 80 farms are producing for the National Schools Nutrition Programme. Subsequently, Ei is working on a three year farmer's assistance programme this programme will see Ei assist new farms for a period of 3 years or until such a time the farmers are self-sustainable. Approximately, 530 participants have benefited from the NSNP.</p>
Project Name	Project Description & Status Quo
iLembe Processing Facility	<p><i>Budget Allocation 2013/2014 – R 2 418 580</i> <i>Expenditure as at 30/06/2014 – Nil</i> <i>Project Funderls – DCOGTA</i></p> <p>The iLembe Processing Facility is established to ultimately link the greenhouses and open fields in the four local municipalities to 2 decentralised processing facilities, these centers are strategically located in the two local municipalities (Maphumulo and Mandeni). The processing facilities are being used as temporary storage, packaging and dispatch points for the National Schools Nutrition Programme.</p>
Review of the LED Strategy	<p><i>Budget Allocation 2013/2014 – R605 135</i> <i>Expenditure as at 30/06/2014 – R269 953</i> <i>Project Funderls – DCOGTA</i></p> <p>Enterprise iLembe has completed the process of reviewing the Local Economic Development Strategy. The projects identified per sector (Renewable Energy, Agriculture, ICT & Service and Manufacturing) are being implemented by means of conducting feasibility studies for new project opportunities.</p>

2.2.2. MULTI-YEAR FUNDED PROJECTS ...continued

Project Name	Project Description & Status Quo
National Schools Nutrition Programme	<p><i>Budget Allocation 2013/2014 – R6 210 000</i> <i>Expenditure as at 30/06/2014 – R4 578 132</i> <i>Project Funder/s: Department of Education</i></p> <p>The National School's Nutrition programme was piloted as a District Project in January 2013. The aim of the Programme is to enable the District's small-scale framers to produce and sell vegetables to be consumed by the learners in the District's 406 schools. At the onset of the project, the Department of Education who are the custodians of the Project appointed Enterprise iLembe as the Implementing Agent with a responsibility to ensure that the vegetables are available on a weekly basis for procurement. Since the inception of the programme this year the District's local farmers have supplied the programme with approximately 200 tons of vegetables, this is an average of 10 tons per week.</p> <p>Furthermore, Enterprise iLembe has just signed a Service Level Agreement with the Department of Education for the second year of supply of vegetables. Moreover, this year, Enterprise iLembe has been given the task of supplying and transporting directly from the farms to the Schools without the aid of the Department's Service Providers.</p>

2.3. CAPITAL USED

2.3.1 BELOW IS A SUMMARY OF THE OPERATING INCOME AND EXPENDITURE COMPARED WITH BUDGET FOR THE 2013/2014 FINANCIAL YEAR.

REVENUE	Actual 2014 R	Budget 2014 R	Variance Actual/Budget %
Opening Surplus	22 160 658	-	-
Operating income for the year	24 698 159	30 928 117	(20)
Sundry transfers	-	-	-
Total	46 858 817	30 928 117	
EXPENDITURE			
Operating expenditure for the year	22 967 044	30 928 117	(26)
Closing surplus	23 615 193	-	-
Total	46 583 967	30 928 117	

The under expenditure when compared with budget is due to the fact that the Department of Education, National Schools Nutrition Programme is under spent by R4.4 million and projects are under spent by R6.3 million.

2.3.2 IN THE 2013/2014 FINANCIAL YEAR R5.8 MILLION WAS SPENT ON PROJECTS. DETAILS SET OUT BELOW.

R' 000					
Capital Projects	2013/14				
	Budget	Adjustment Budget	Actual Expenditure	Variance from budget	Total Project Value
Open Fields	2 107	2 107	2 107	0%	2 107 000
IDC – Renewable Energy	230	230	230	-100%	1 000 000
Vineyards & Winery	538	1 904	1 904	0%	18 000 000
Growth Summit	400	400	251	-100%	400 000
Tourism	1204	1204	978	-19%	1 204 000
Agri Processing Facilities	2 419	2 419	125	-100%	7 400 000
LED Strategy	605	605	270	-55%	1 000 000
TOTAL	7 503	8 869	5 865		



2.4. JOB CREATION & SKILLS DEVELOPMENT

2.4.1 UNEMPLOYMENT RATE

The working age population represents 55% of the total population of iLembe (339,296 people). 53% of the working age population is not economically active and therefore the labour force in iLembe is 160,362 people. 71% of the labour force is employed (114,009 people) and 29% are unemployed (46,353 people). 75% of those employed are employed in the formal sector. 13% are highly skilled, 31% are skilled and 35% are semi and unskilled. The District's income profile is notably low, with more than three quarters of the District earning R1 600 or less every month.

Employment & Unemployment					
	iLembe 2008	iLembe 2011	iLembe 2013	Percentage changes since 2008	
				iLembe	KZN
Employed - Formal and Informal - Total (Number)	105,049	114,842	114,009	9%	13%
Unemployed (Number)	57,790	50,628	46,353	-20%	-19%
Not economically active (Number)	173,332	176,565	178,934	3%	5%
SKILLS					
	iLembe 2008	iLembe 2011	iLembe 2013	Percentage changes since 2008	
				iLembe	KZN
Formally employed as % of total employment	80%	77%	75%	-5%	-5%
Highly skilled as % of total employment	11%	12%	13%	2%	1%
Skilled as % of total employment	29%	30%	31%	2%	-1%
Semi and unskilled as % of total employment	41%	35%	32%	-9%	-7%
Informally employed as % of total employment	20%	23%	25%	6%	4%
INCOME					
	iLembe 2008	iLembe 2011	iLembe 2013	Percentage changes since 2008	
				iLembe	KZN
No Income	47%	40%	35%	-11%	-11%
<R400	20%	24%	26%	6%	4%
R400 - R800	6%	4%	3%	-3%	-2%
R800 - R1 600	15%	14%	13%	-2%	-1%
R1 600 - R3 200	4%	5%	6%	2%	1%
R3 200 - R6 400	2%	2%	2%	0	0.2%
R6 400 - R12 800	1%	2%	2%	1%	1%
R12 800 - R25 600	0.5%	1%	2%	2%	2%
R25 600 - R51 200	0.3%	1%	1%	1%	1%
R51 200 - R102 400	0.1%	0.1%	0.2%	0.1%	0.1%
R102 400 - R204 800	0%	0.1%	0.1%	0%	0%
>R204 800	0.1%	0%	0%	0%	0%
Income unspecified	3%	6%	9%	6%	5%
Income NA	0.4%	0.4%	0.3%	-0.1%	0.1%
EMPLOYMENT BY INDUSTRY					
	iLembe 2008	iLembe 2011	iLembe 2013	Percentage changes since 2008	
				iLembe	KZN
PRIMARY SECTOR	16.2%	10.8%	8.8%	-51%	-47%
Agriculture, Forestry and Fishing	15.7%	10.2%	8.2%	-54%	-52%
Mining and Quarrying	0.4%	0.6%	0.8%	65%	50%
SECONDARY SECTOR	23.9%	22.9%	22.5%	-16%	-11%
Manufacturing	17.7%	16.5%	15.9%	-19%	-15%
Electricity, Gas And Water	0.1%	0.1%	0.1%	-29%	-17%
Construction	6%	6.3%	6.5%	-4%	0%
TERTIARY SECTOR	60%	66.3%	72%	8%	5%
Wholesale and Retail Trade, Catering and Accommodation	19.8%	21.5%	23.2%	5%	-1%
Transport, Storage and Communication	2.9%	3.2%	3.3%	3%	10%
Finance, Insurance, Real Estate and Business Services	12.4%	13.3%	14.8%	7%	-2%
Community, Social and Personal Services	15.9%	16.7%	17.6%	-0.3%	0.4%
General Government	9.1%	11.7%	13.2%	30%	25%

In general, the employment profile of the District is changing, such that the tertiary sector accounts for almost three quarters of all jobs created and employs 8% more people in 2013 than in 2008. This growth has come at the expense of the primary and secondary sectors, which employ 51% and 16% fewer people in 2013 than they did in 2008. Tertiary sector employment is attributed to employment increases in wholesale, retail, catering and accommodation, general government, and business services. In the primary sector the downsizing of agricultural activity in iLembe has been responsible for the majority of job loss. In the secondary sector the most stark job loss trend is noted in the textiles, clothing and leather goods industries, whose dip has been the result of a national textiles industry job downsizing trend because of competition from cheaper imports. Furniture and other manufacturing, metals and other metal products, as well as food and beverages have also seen notable job losses.

2.4.2 ENTERPRISE ILEMBE PROJECTS – JOBS CREATED AND RETAINED

PROJECT NAME	2011/2012	2012/2013
iLembe Agri-Hubs	159	57
iLembe Vineyards	60	49
iLembe Open Fields	529	661
Processing Facility	0	5 Permanent 16 semi-permanent
TOTAL	748	788

2.4.3 NUMBER OF NEW CO-OPERATIVES REGISTERED BY ENTERPRISE ILEMBE

NAME OF CO-OPERATIVE	REGISTRATION DATE	NUMBER OF JOBS
Vukukhanye Sewing Primary Co-operative Limited	14/03/2014	10
Thuthukani Wetane Project Primary Co-operative Limited	27/02/2014	13
Happy co-operative Limited	18/02/2014	6
Sivilizandla Agricultural Co-operative Limited	13/01/2014	9
Engikini Agricultural Co-operative Limited	08/01/2014	6
Dlokovu4 Primary Co-op Limited	05/11/2014	7
Nodunga2 Projects Co-operative Limited	23/10/2013	7
Mandeni Motors Spares Primary Co-operative Limited	20/09/2013	8
Ndima Primary Co-operative Limited	21/08/2013	5
Masibonge Co-operative Limited	25/07/2013	15
Umaqondana Primary Co-operative Limited	11/06/2014	6
N and P Home Industry Co-operative Limited	19/03/2014	8
Lubanzolwakhe Farming Co-operative Limited	23/01/2014	6
Sgodini Multi-purpose Primary Co-operative Limited	07/11/2013	5
Abakholwayo Abesweli Co-operative Limited	04/07/2013	5
TOTAL		116

2.5. PERFORMANCE MANAGEMENT

The Entity utilizes the Service Delivery Budget implementation Plan (SDBIP) as a performance management tool for the Entity as an organization. Reporting on this tool is done on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes Portfolio of Evidence. The Performance Management Unit and Internal Auditors conduct a review of the report; this was then followed with coaching sessions held with the Acting Chief Executive Officer of the Entity.

In respect to individual staff members, the Job Descriptions of employees have been reviewed to be in line with the actual tasks and duties being performed by each person. Review sessions are held with each staff member by the respective manager and signed off by the Acting Chief Executive Officer.

Enterprise iLembe was allocated a budget of R30.9 million of which R18.0 million was for operational costs and R12.9 million was for projects. Of the total budget allocation, a total of R22.1 million was spent of which R15.6 million was spent on operational costs and R7.7 million on projects. The majority of the grant funding allocated to Enterprise iLembe was spent and R8.1 million remained unspent as at 30 June 2014.



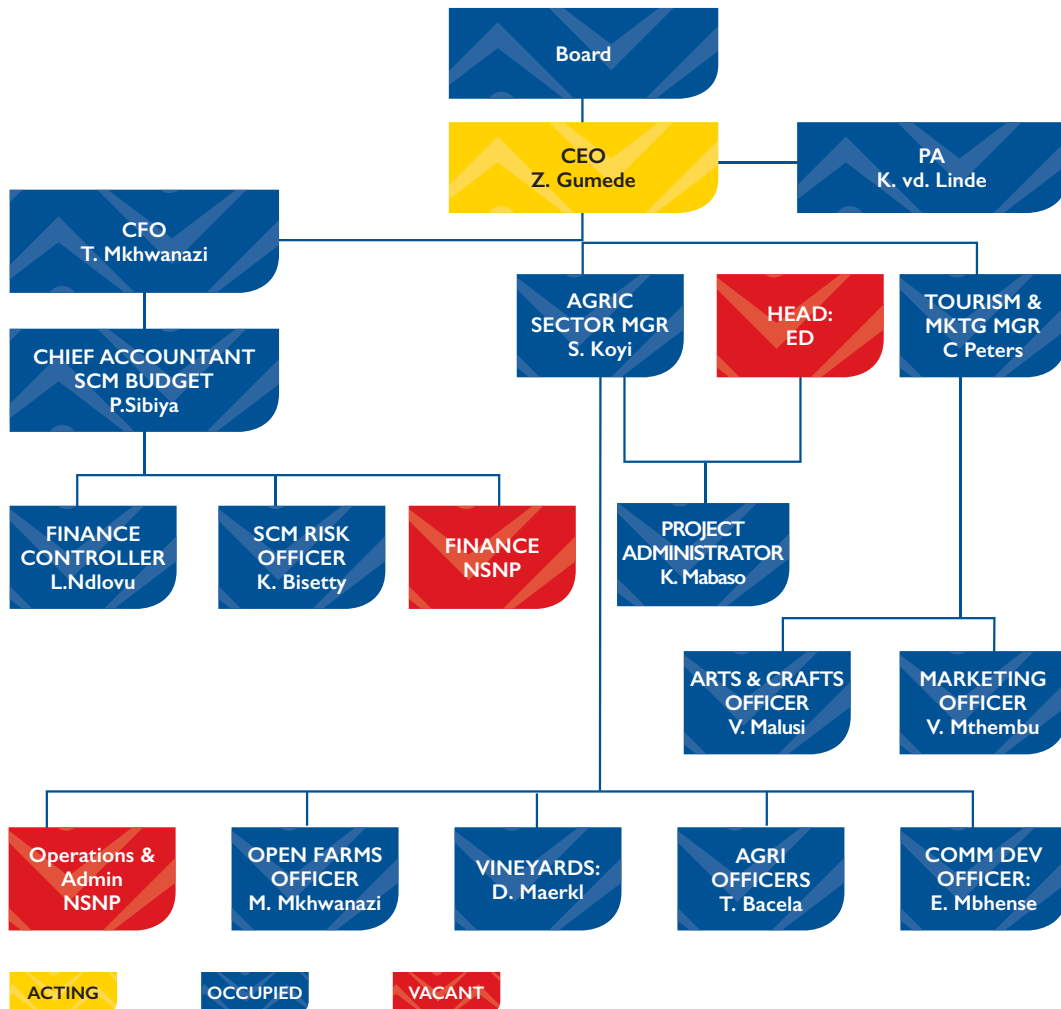


Chapter 3

Human Resources & Organisational Management

3.1. ORGANISATIONAL STRUCTURE

3.1.1. THE ORGANOGRAM FOR THE ENTITY WAS REVISED AND APPROVED BY THE BOARD IN DECEMBER 2013.



The following new appointments were made in the 2013/2014 financial year:

Mr. Thami Mkhwanazi - Chief Financial Officer
 Ms. Lindiwe Ndlovu - Finance Controller

The following resignations were received in the 2013/2014 financial year:

Mr. Mike Newton - Head: Economic Development

The vacancies for Head: Economic Development, NSNP: Finance and NSNP: Operations & Administration were advertised in May 2014 and will be filled early in the next financial year.

3.2. INSTITUTIONAL TRANSFORMATION & EMPLOYMENT EQUITY

In compliance with the Employment Equity Act, 55/1998, the Enterprise iLembe's Employment Equity Plan has been crafted with the aim to remedy any form of discrimination in the workplace by removing all barriers in the employment policies, practices.

Affirmative Action has been defined as the tool to implement immediate positive remedial action. Programs and procedures to address both historic and existing inequalities and imbalances of the past are being implemented.

The Entity acknowledges the value of retaining staff especially employees with scarce skills and those who possess experience that is required for the Entity to fulfill its objectives. The Entity recognises that in order for it to be able to retain staff, it is very important to create an environment that encourages staff not only to succeed in their jobs but also to grow and achieve their personal development goals and aspirations.





Chapter 4

Audited Statements & Related Information

4.1. FINANCIAL STATEMENTS AND RELATED INFORMATION

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

Registration Number: 2006/032665/07

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

I am responsible for the preparation of these annual financial statements, which are set out on pages 23 to 71, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipal Entity.



Z S GUMEDE
ACTING CHIEF EXECUTIVE OFFICER

28/11/2014

Date



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ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

GENERAL INFORMATION

REGISTRATION NUMBER:

2006/032665/07

EXTERNAL AUDITORS:

Auditor General

BANKERS:

FNB

POSTAL ADDRESS:

P O Box 593

Ballito

4420

PHYSICAL ADDRESS:

Sangweni Tourism Centre

Cnr. Ballito Drive and Link Road

Ballito

TELEPHONE:

032-9461256

FAX:

032-9463515



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

REPORT

The following report is submitted in terms of section 30(3) of the Companies Act, 2008, for the year ended 30 June 2014.

GENERAL REVIEW

The municipal entity was incorporated on 27 October 2008 and replaced the Ilembe Development Foundation which was incorporated on 8 November 2002 and commenced business operations on 1 July 2006. The change was necessary to comply with Section 93 of the Municipal Systems Act. Subject to this there has been no material change in the nature or conduct of the municipal entity's business during the period under review. The financial statements adequately disclose the results of the operations for the period under review and the state of the municipal entity's affairs at 30 June 2014.

There has been no material fact or occurrence since the end of the period under review on which we consider it necessary to report.

NATURE OF BUSINESS

The municipal entity has been formed as a local development agency of the Ilembe District Municipality to promote economic growth.

The municipal entity was formed in terms of the Municipal Systems Act and Municipal Finance Management Act.

SHARE CAPITAL

Issued share capital 100 shares at the value of R1.00 each.

DIVIDENDS

No dividends have been proposed or declared during the year under review, nor are any recommended.

LIST OF DIRECTORS

B N Linda - Chairperson

I Deetlefs

P M Mabaso

R Meer

J Wiltshire

Fees for a retainer and attendance at meetings totalling R464 146 (R477 800 in 2013) were paid during the year under review. See Note 17 of the Annual Financial Statements.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

The directors acknowledge that they are required by the Companies Act to prepare financial statements each year; that fairly present the state of affairs, result and cash flow for the year and that the independent auditors' responsibility is limited to reporting on the financial statements.

It is the responsibility of the directors to ensure that the organisation maintains a system of internal control designed to provide reasonable assurance that the municipal entity's assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded. The control system includes written accounting and control policies and procedures and clearly drawn lines of accountability and delegation of authority.

All employees are required to maintain the highest ethical and integrity standards in ensuring that the municipal entity's business practices are concluded in a manner, which in all reasonable circumstances, is above reproach.

The concept of reasonable assurance recognises that the control procedures should not exceed the expected benefits. The municipal entity maintains its internal control system through management review. Nothing has come to the attention of the directors to indicate any breakdown in the functions of these internal controls during the year, which resulted in any material loss to the municipal entity.

The annual financial statements have been prepared on the going concern basis. The Board of Directors has adopted this basis of accounting after having made enquiries of management and given due consideration to information presented to the Board, including budgets and cash flow projections for the year ahead and key assumptions and accounting policies relating thereto. Accordingly, the Directors have no reason to believe that the municipal entity will not continue as a going concern in the year ahead.

The annual financial statements were submitted to the Auditor General for auditing on 29 August 2014. The annual financial statements were submitted to the Board of Directors at their meeting on 5 August 2014 and are signed by:



Mr. B.N. Linda
Chairperson



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2014

	Note	2014 R	2013 R
ASSETS			
Current assets		3 358 334	3 994 322
Receivables from exchange transactions	9	737 737	1 059 075
Value Added Taxation	3	402 158	26 371
Current investments	10	-	1 087 393
Bank balances and cash	11	2 218 439	1 811 733
Inventory	4	-	9 750
Non-current assets		29 692 062	31 333 992
Property, plant and equipment	5	27 658 623	29 026 323
Biological assets	6	2 018 320	2 294 800
Intangible assets	7	15 119	12 869
Total Assets		33 050 395	35 328 314
LIABILITIES			
Current liabilities		9 443 217	13 167 656
Payables from exchange transactions	1	1 256 678	1 239 595
Unspent conditional grants and receipts	2	8 186 539	11 928 061
Total Liabilities		9 443 217	13 167 656
Net Assets		23 607 178	22 160 658
NET ASSETS			
Accumulated surplus		23 607 078	22 160 558
Share Capital held by Municipality	8	100	100
Total Net Assets		23 607 178	22 160 658

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2014

	Note	2014 R	2013 R
REVENUE			
Revenue from exchange transactions			
Rental Income	12	263 491	243 573
Interest on investment	13	54 114	135 409
Other income	15	3 531 859	3 892 199
Revenue from non-exchange transactions			
Government grants and subsidies	14	20 848 696	11 984 177
Total Revenue		24 698 159	16 255 358
EXPENDITURE			
Employee related costs	16	5 796 818	4 284 266
Directors Fees	17	464 146	477 800
Depreciation	5,6,7	1 365 611	1 181 357
Repairs and maintenance	18	230 872	52 647
General expenses	19	7 409 763	7 710 188
Grant expenses	20	7 707 949	5 719 992
Total Expenditure		22 975 159	19 426 249
SURPLUS/(DEFICIT) FOR THE YEAR		1 723 000	(3 170 891)



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

STATEMENT OF CHANGES IN NET ASSETS

for the year ended 30 June 2014

	Shares	Accumulated Surplus/ (Deficit)	Total Net Assets
	R	R	R
Restated Balance at 30 June 2012	100	24 010 022	24 010 122
Corrections Prior Year Period - Note 27	-	76 186	76 186
Restated Balance	100	24 086 208	24 086 308
Deficit for the year	-	(3 170 891)	(3 170 891)
Gain on fair value of biological assets - Note 6	-	1 245 241	1 245 241
Balance at 30 June 2013	100	22 160 558	22 160 658
Restated Balance	100	22 160 558	22 160 658
Surplus for the year	-	1 723 000	1 723 000
Loss on fair value of biological assets - Note 6	-	(276 480)	(276 480)
Balance at 30 June 2014	100	23 607 078	23 607 178



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

CASH FLOW STATEMENT

for the year ended 30 June 2014

	Note	2014	2013
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts government and other		29 045 152	21 085 050
Cash paid to suppliers and employees		(29 736 247)	(18 244 892)
Cash generated/(utilised) from operations	22	(691 095)	2 840 158
Interest received		54 114	135 409
NET CASH FLOWS FROM OPERATING ACTIVITIES		(636 981)	2 975 567
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	5,6,7	(43 706)	(2 019 180)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(43 706)	(2 019 180)
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH FLOWS FROM FINANCING ACTIVITIES			
CASH FLOWS FROM FINANCING ACTIVITIES			
NET DECREASE IN CASH AND CASH EQUIVALENTS		(680 687)	956 387
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		2 899 126	1 942 739
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	23	2 218 439	2 899 126



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

for the year ended 30 June 2014

Description	2013/14				
	Original Budget	Budget Adjustments	Final Budget	Actual outcome	Variance between Final Budget and Actual outcome
	R	R	R	R	R
Financial Position					
Current assets:					
Receivables from exchange transactions	120 000	-	120 000	880 988	760 988
Value Added Tax	-	-	-	402 158	402 158
Current Investments	5 330 000	-	5 330 000	-	(5 330 000)
Bank balance and cash	500 000	-	500 000	2 218 439	1 718 439
Inventory	-	-	-	-	0
Non-current assets					
Property, plant and equipment	35 200 000	-	35 200 000	27 666 737	(7 533 263)
Biological assets	1 500 000	-	1 500 000	2 018 320	518 320
Intangible assets	12 000	-	12 000	15 119	3 119
Total Assets	42 662 000	-	42 662 000	33 201 761	(9 460 239)
Current liabilities:					
Payables from exchange transactions	1 000 000	-	1 000 000	1 472 092	472 092
Unspent conditional grants and receipts	4 000 000	-	4 000 000	8 186 539	4 186 539
Total Liabilities	5 000 000	-	5 000 000	9 658 631	4 658 631
Net Assets					
Accumulated surplus	37 662 000	-	37 662 000	23 543 030	(14 118 970)
Share capital held by Municipality	-	-	-	100	100
Total Net Assets	42 662 000	-	42 662 000	33 201 761	(14 118 870)
Financial Performance					
Rental income	260 000	-	260 000	263 491	3 491
Interest on investments	-	50 000	50 000	54 114	4 114
		18 223			
Government grants and subsidies	8 645 000	117	26 868 117	20 848 696	(6 019 422)
Other income	7 800 000	(4 050 000)	3 750 000	3 531 859	(218 142)
Total Revenue	16 705 000	14 223 117	30 928 117	24 698 159	(6 229 958)
Employee Related Costs	4 900 000	900 000	5 800 000	5 796 818	(3 182)
Directors' fees	600 000	(130 000)	470 000	464 146	(5 854)
Depreciation	800 000	500 000	1 300 000	1 365 611	65 611
Repairs and maintenance	180 000	51 000	231 000	230 872	(128)
General expenses	8 225 000	2 038 355	10 263 355	7 409 763	(2 853 592)
Grant expenses	2 000 000	10 863 762	12 863 762	7 707 949	(5 155 813)
Total Expenditure	16 705 000	14 223 117	30 928 117	22 975 159	(7 952 958)
Surplus/(Deficit)	-	-	-	1 723 000	1 723 000

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

for the year ended 30 June 2014

Description	2013/14				
	Original Budget	Budget Adjustments	Final Budget	Actual outcome	Variance between Final Budget and Actual outcome
	R	R	R	R	R
Statement of changes in net assets					
Balance as at 30 June 2014	37 662 000	-	37 662 000	22 160 558	(15 501 442)
Surplus/(Deficit) for the year	-	-	-	1 723 000	1 723 000
Gain fair value of biological assets	-	-	-	(276 480)	(276 480)
Balance as at 30 June 2014	37 662 000	-	37 662 000	23 607 078	-14 054 922
Cash Flows					
Receipts	29 790 000		29 790 000	29 099 266	(690 734)
Payments	(28 960 000)		(28 960 000)	(29 736 247)	(776 247)
Net cash flows from operating activities	830 000		830 000	(636 981)	(1 466 981)
Purchase of property, plant and equipment				(43 706)	(43 706)
Cash/cash equivalents at the beginning of the year	5 000 000		5 000 000	2 899 126	(2 100 874)
Cash/cash equivalents at the end of the year	5 830 000,00	-	5 830 000,00	2 218 439	(3 611 561)

The budget is approved on an accrual basis by nature classification. The approved budgets cover the period 1 July 2013 to 30 June 2014.

The budget and accounting bases are the same as both are on the accrual basis. The financial statements are prepared using a classification on the nature of expenses in the statement of financial performance.



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2014

I. BASIS OF PREPARATION

I.1. STATEMENT OF COMPLIANCE

These annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

I.2. BASIS OF MEASUREMENT

The annual financial statements have been prepared on the accrual basis of accounting and on historical cost basis.

I.3. FUNCTIONAL AND PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipal entity. All financial information has been rounded to the nearest Rand.

I.4. OFFSETTING

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the municipal entity has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

I.5. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipal entity will continue to operate as a going concern for at least the next 12 months.

I.6. USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with GRAP requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future.

I.7. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and principles of GRAP 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The municipal entity shall present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis. All comparisons of budget and actual amounts shall be presented on a comparable basis to

the budget. The municipality shall explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipal entity. Application of all of the GRAP standards noted below will be effective from a date to be announced by the Minister of Finance. The effective dates are currently unknown.

- GRAP 18 Segment Reporting - issued February 2011
- GRAP 20 Related Party Disclosures - issued June 2011
- GRAP 32 Service Concession Arrangements (Grantor) - issued August 2013
- GRAP 105 Transfer of Functions Between Entities Under Common Control - issued November 2010
- GRAP 106 Transfer of Functions Between Entities Not Under Common Control - issued November 2010
- GRAP 107 Mergers - issued November 2010
- GRAP 108 Statutory Debtors - issued September 2013

1.9. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED AND EFFECTIVE

The following GRAP standards have been issued and are effective and have been adopted by the municipal entity.

- GRAP 25 Employee Benefits - effective 01 April 2013

The nature of changes in the accounting policy arising from the implementation of the standards are as follows:

GRAP 25 - Requirements of GRAP 25 are similar to the requirements of IAS 19 Employee Benefits applied by the municipal entity during the 2012/13 financial year except for the fact that GRAP 25 requires actuarial gains and losses to be recognised in full in the year that they occur and past service costs to be recognised as an expense in the reporting period in which the plan is amended. No material impact is expected from these changes as the entity's employees have no other remuneration benefits except for the basic salaries.

1.10. PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS

The budget is mainly approved on a cash basis by functional classification. The approved budget covers the period from 1 July 2012 to 30 June 2013. The budget and accounting bases for some votes differ. The financial statements are prepared on the accrual basis using a classification on the nature of expenses in the statement of financial performance. The financial statements differ from the budget, which is approved on the cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. The amounts of these adjustments are identified in note 41. A reconciliation between the actual amounts on a comparable basis as presented in the statement of comparison of budget and actual amounts and the actual amounts in the cash flow statement for the period ended 30 June 2013 is presented in note 41. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is mainly prepared on a cash basis and the financial statements on the accrual basis. The reconciliation as required by GRAP 24 is also shown in note 41. The statement of comparison of budget and actual amounts is disclosed as a statement in the annual financial statements.

Differences between budget and actual amounts are regarded as material when a more than 10% variance exists.

All material differences are explained in the notes to the annual financial statements."

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2014

2. SIGNIFICANT ACCOUNTING POLICIES

The Following significant accounting policies have been applied consistently during the current and previous reporting periods, as set out in the note 1,2.

2.1. PROPERTY, PLANT AND EQUIPMENT

2.1.1. INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipal entity. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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

2.1.2. SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipal entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.1.3. DEPRECIATION AND IMPAIRMENT

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

Depreciation commences when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with GRAP 100. Non-current assets held for sale and discontinued operations. A non-current asset or disposal group is not depreciated while it is classified as held for sale.

Heritage assets and land are not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the municipal entity will obtain ownership by the end of the lease term.

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

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

Furniture and equipment	7 years
Machinery and equipment	7 years
Computer equipment	5 years
Agriculture PPE	15 years

Projects Under Construction are not depreciated due to the intention to transfer the assets to Special Purpose Vehicles in the near future.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipal entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.1.4 DERECOGNITION

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

2.1.5 LEASED ASSETS

Leases in terms of which the municipal entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases. Upon initial recognition of assets leased under finance leases, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

3 BIOLOGICAL ASSETS

3.1 RECOGNITION

Biological assets are fair valued at the end of each accounting period. Biological assets that have not produced crops are valued at cost while in the case where crops are present the value of the crop at the end of the accounting period is taken into account to arrive at the fair value.

4 INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipal entity recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipal entity and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- > the municipal entity intends to complete the intangible asset for use or sale;
- > it is technically feasible to complete the intangible asset;
- > the municipal entity has the resources to complete the project; and
- > it is probable that the municipal entity will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2014

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

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

4.3 AMORTISATION

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software and websites 5 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipal entity tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

4.4 DERECOGNITION

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

5. HERITAGE ASSETS

5.1. INITIAL RECOGNITION

Heritage assets are assets that are normally held indefinitely for their unique cultural, environmental, historical, natural, scientific, technological or artistic significance for the benefit of future generations.

Certain heritage assets are described as inalienable items thus assets which are retained indefinitely and cannot be disposed of without consent as required by law or otherwise.

Heritage assets are recognised as an asset when:

- > it is probable that future economic benefits or service potential associated with the asset will to the municipal entity; and
- > the cost or fair value of the asset can be measured reliably.

If the municipal entity holds an asset that might be regarded as a heritage asset, but on initial recognition, the asset does not meet the above recognition criteria because it cannot be measured reliably, relevant and useful information about the heritage asset is disclosed in the notes to the financial statements.

On the date of initial recognition, heritage assets are measured at cost. Where a heritage asset is acquired through a non-exchange transaction, the cost is its fair value as at the date of acquisition.

5.2. SUBSEQUENT MEASUREMENT - COST MODEL

After recognition as an asset, a class of heritage assets are carried at its cost less any accumulated impairment losses.

5.3. DEPRECIATION

Heritage assets are not depreciated. The municipal entity assesses at each reporting date whether there is any indication that a heritage asset may be impaired.

5.4. DERECOGNITION

The carrying amount of a heritage asset is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

6. INVESTMENT PROPERTY

6.1. INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipal entity measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

6.2. SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

7. INVENTORIES

7.1. INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

7.2. SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.



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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2014

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

The basis of allocating cost to inventory items is the weighted average method.

8. FINANCIAL INSTRUMENTS

8.1. INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2. SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities are measured either at fair value or amortised cost or cost.

8.2.1. INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

8.2.2. TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor; probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

8.2.3. TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

8.2.4. CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipal entity categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

9. FOREIGN CURRENCY TRANSACTION

Transactions in foreign currencies are translated to the functional currency of the municipal entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in surplus or deficit, except for differences arising on the retranslation of available-for-sale financial instruments, which are recognised in net assets.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate 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.

10. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.

11. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipal Entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.

12. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as a receivable, if it meets the definition and the recognition criteria of an asset, in the statement of financial position until it is recovered or written off as irrecoverable.



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2014

13. PROVISIONS

Provisions are recognised when the municipal entity has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipal entity has a detailed formal plan for the restructuring identifying at least:
 - > the business or part of a business concerned;
 - > the principal locations affected;
 - > the location, function, and approximate number of employees who will be compensated for terminating their services;
 - > the expenditures that will be undertaken;
 - > when the plan will be implemented; and
- (b) The municipal entity has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

14. LEASES

14.1. MUNICIPAL ENTITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipal entity. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipal entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

14.2. MUNICIPAL ENTITY AS LESSOR

Under a finance lease, the municipal entity recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipal entity, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

15. REVENUE

15.1. REVENUE FROM EXCHANGE TRANSACTIONS

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

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Sale of agriculture produce is recognised on a cash basis.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipal entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2. REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipal entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipal entity. Where public contributions have been received but the municipal entity has not met the related conditions, a deferred income (liability) is recognised

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipal entity.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ended 30 June 2014

15.3. GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

16. VALUE ADDED TAX (VAT)

The municipal entity accounts for VAT on the cash basis. The municipal entity is liable to account VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipal entity accounts for VAT on a bi-monthly basis.

17. INCOME TAX

As a registered company the municipal entity is registered for income tax. However the entity applied for tax exemption and was granted same.

18. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

19. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the annual financial statements.

The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the annual financial statements.

20. CAPITAL COMMITMENTS

Items are classified as commitments where the municipal entity commits itself to future transactions that will normally result in the outflow of resources. Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes of the annual financial statements.

21. IMPAIRMENT OF ASSETS

The municipal entity assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipal entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipal entity also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

> to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The municipal entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities and contingent assets are not recognised, but are disclosed as notes in the annual financial statements. Contingent liabilities have been disclosed in note 26.



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

	2014 R	2013 R
I. PAYABLES FROM EXCHANGE TRANSACTIONS		
Payables from exchange transaction	6 721	563 173
Accruals Lease Expenses	-	101 112
ILembe District Municipality	309 368	156 816
Staff leave	492 062	322 783
Other creditors	448 527	95 712
Total Creditors	1 256 678	1 239 596
2. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Conditional Grants from other spheres of Government		
Disaster Management	55 318	55 318
North Coast Wine Project Ex DCGTA	-	531 059
Amacambini Dev Project Ex DCGTA	757 666	757 666
Integrated Craft Hub	227 315	227 315
Siza water Concession	243 322	2 086 378
Maphumulo Small Town Rehabilitation	85 965	85 965
Nonoti Beach Resort Business Plan	49 123	49 123
Moringa Tree Plantation	2 400 000	-
Tourism King Shaka Route	400 000	-
Fresh Produce Market	278 049	278 049
IDC Projects Grant	285 836	1 622 610
Agri Processing Grant	2 418 580	5 818 580
Tourism Grant	226 031	204 355
LED Grant	-	106 509
LED Strategy	335 182	105 135
Growth Summit	148 804	-
Ndwedwe Tunnels	275 350	-
Total Conditional Grants and Receipts	8 186 539	11 928 061
3. VALUE ADDED TAXATION		
VAT is receivable on the payments basis. VAT is receivable from SARS only once payment is made to the creditor:	402 158	26 371
4. INVENTORY		
Raw Wine Stock	-	9 750

Reconciliation of Carrying Value	Improvements	PPE Agriculture	Projects under construction	Furniture and Equipment	Computer Equipment	Intangible Assets	Total
	R	R	R	R	R	R	R
5. PROPERTY, PLANT & EQUIPMENT							
30 June 2014							
Carrying Values at 1 July 2013	55 359	16 055 774	12 385 721	445 628	83 841	-	29 026 323
Cost	60 556	18 351 551	12 385 721	631 341	176 096	-	31 605 265
Accumulated depreciation	(5 197)	(2 295 777)	-	(185 713)	(92 254)	-	(2 578 941)
Acquisitions	-	-	-	15 955	18 397	-	34 352
Transfers	-	-	-	-	-	-	-
Less Disposals	-	-	-	-	-	-	-
Less Accumulated Depreciation on Disposals	-	-	-	-	-	-	-
Depreciation	(2 019)	(1 235 918)	-	(82 802)	(38 025)	-	(1 358 764)
Prior year adjustment on Cost	-	-	-	-	(2 640)	-	(2 640)
Prior year adjustment depreciation	856	(42 853)	-	(908)	2 257	-	(40 648)
Carrying Value of disposals	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Carrying Values at 30 JUNE 2014	54 196	14 777 003	12 385 721	377 873	63 830	-	27 658 623
Cost	60 556	18 351 551	12 385 721	647 296	191 853	-	31 636 977
Accumulated depreciation	(6 360)	(3 574 548)	-	(269 423)	(128 022)	-	(3 978 354)
30 June 2013							
Carrying Values at 1 July 2012	47 398	13 245 289	14 428 549	354 130	125 478	-	28 200 845
Cost	49 754	14 471 198	14 428 549	463 333	177 810	-	29 590 644
Accumulated depreciation	(2 356)	(1 225 909)	-	(109 203)	(52 332)	-	(1 389 800)
Acquisitions	10 802	450 313	1 387 212	168 008	2 845	-	2 019 180
Transfers	-	3 430 040	(3 430 040)	-	-	-	-
Less Disposals	-	-	-	-	(4 559)	-	(4 559)
Less Accumulated Depreciation on Disposals	-	-	-	-	-	-	-
Depreciation	(2 564)	(1 070 650)	-	(66 880)	(36 131)	-	(1 176 225)
Prior year adjustments	-	-	-	-	(1 436)	-	(1 436)
Prior year adjustment depreciation	(277)	782	-	(9 630)	(2 355)	-	(11 480)
Carrying Values at 30 June 2013	55 359	16 055 774	12 385 721	445 628	83 841	-	29 026 323
Cost	60 556	18 351 551	12 385 721	631 341	176 096	-	31 605 265
Accumulated depreciation	(5 197)	(2 295 777)	-	(185 713)	(92 254)	-	(2 578 941)



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	2014 R	2013 R
6. BIOLOGICAL ASSETS		
Carrying Value at 30 June 2013	2 294 800	1 038 400
Cost	2 294 800	1 038 400
Accumulated depreciation	-	-
Acquisitions	-	-
Loss on fair value	(276 480)	1 256 400
Depreciation	-	-
Prior year adjustment depreciation	-	-
Carrying Value at 30 June 2014	2 018 320	2 294 800
Cost	2 018 320	2 294 800
Accumulated depreciation	-	-
The Biological Assets are made up as follows:		
Vineyards	1 650 000	1 500 000
Moringa Plantations	368 320	794 800
Agri Processing Hubs	-	-
	2 018 320	2 294 800
7. INTANGIBLE ASSETS		
Carrying Value at 30 June 2013	12 869	18 377
Cost	25 660	25 660
Accumulated depreciation	(12 791)	(7 283)
Acquisitions	9 354	-
Transfers	-	-
Depreciation	(6 847)	(5 132)
Prior year adjustment depreciation	(257)	(376)
		-
Carrying Value at 30 June 2014	15 119	12 869
Cost	35 014	25 660
Accumulated depreciation	(19 895)	(12 791)
8. AUTHORISED AND ISSUED SHARE CAPITAL		
Name of company		
Ilembe District Municipality		
Carrying amount	100	100
% Holding	100%	100%
Ordinary Shares: 100 @ R1 each		

	2014 R	2013 R
9. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Other debtors	57 759	1 032 725
Operating Lease Assets		-
Deposits: Coastal Farmers	20 000	20 000
Eskom	6 350	6 350
	84 109	1 059 075
Less provision for bad debts	-	-
Provincial Department of Education	653 628	
Total Receivables from exchange transactions	737 737	1 059 075
10. CURRENT INVESTMENTS		
<i>ACCOUNT DESCRIPTION - Investments (MFMA requirement)</i>		
Investment Current Account		
Standard Bank: Stanger Branch, Account Number 4078679825		
Bank statement balance at the beginning of the year	1 087 393	-
Bank statement balance at the end of the year	-	1 087 393
TOTAL CURRENT INVESTMENTS	-	1 087 393
11. BANK BALANCES AND CASH		
<i>ACCOUNT DESCRIPTION</i>		
Bank account		
ABSA - Business Centre KwaZulu Natal Account Number 40-6036-2852: Current Account		
Cash book balance at the beginning of the year	1 600 543	1 776 337
Cash book balance at the end of the month	-	1 600 543
Bank statement balance at the beginning of the year	1 600 543	1 776 337
Bank statement balance at the end of the year	-	1 600 543
Produce bank account		
ABSA - Public Sector KwaZulu Natal Account Number 40-7867-9825: Current Account		
Cash book balance at the beginning of the year	3 506	17 969
Cash book balance at the end of the year	-	3 506
Bank statement balance at the beginning of the year	3 506	17 969
Bank statement balance at the end of the year	-	3 506



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	2014 R	2013 R
11. BANK BALANCES AND CASH (CONTINUED)		
Rocabex - Trust Bank Account		
<i>First National Bank Account - Kloof Branch</i>		
<i>Account Number 62347813471: Current Account</i>		
Cash book balance at the beginning of the year	206 011	145 829
Cash book balance at the end of the year	206 730	206 011
Bank statement balance at the beginning of the year	206 011	145 829
Bank statement balance at the end of the year	206 730	206 011
First National Bank Account - Stanger Branch		
<i>First National Bank Account -</i>		
<i>Account Number 62347809272: Current Account</i>		
Cash book balance at the beginning of the month	-	-
Cash book balance at the end of the month	2 011 709	-
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	2 011 709	-
Rocabix - Trust Bank Account		
<i>First National Bank Account - Kloof Branch</i>		
<i>Account Number 62347811954: Current Account</i>		
Cash book balance at the beginning of the year	-	302
Cash book balance at the end of the year	-	-
Bank statement balance at the beginning of the year	-	302
Bank statement balance at the end of the year	-	-
Petty cash and cash on hand	-	1 673
TOTAL BANK BALANCES AND CASH:		
Cash book balance at the end of the year	2 218 439	1 810 060
Bank statement balance at the end of the year	2 218 439	1 810 060
Petty cash and cash on hand	-	1 673
	2 218 439	1 811 733
12. RENTAL INCOME OF FACILITIES		
Rental of Buildings	263 491	243 573
Total Rental Income	263 491	243 573
The entity is the lessor of an office property. The lease was negotiated for a term of five years. Description of property Sub 16 of De Jagers Kraal No. 864.		

	2014 R	2013 R
13. INTEREST ON INVESTMENTS		
Bank	25 503	18 144
Call investments	28 611	117 265
	54 114	135 409
14. GOVERNMENT GRANTS AND SUBSIDIES		
Salaries Ex IDM and IDC	-	1 598 000
LED Strategy	269 953	393 443
ILembe District Municipality - LED	2 106 509	1 787 831
ILembe District Municipality - Tourism	978 324	749 645
Agri Processing Facilities		1 387 211
North Coast Wine Project Ex DCGTA	1 138 233	2 159 892
Integrated Craft Hub		3 841
Ndwedwe Tunnels	124 650	-
Moringa Tree Plantation		12 514
Siza Water Concession	1 843 056	-
Projects Ex IDC	1 336 775	217 800
Operational Ex IDM	12 800 000	3 480 000
RIDS Grants		200 000
Growth summit	251 196	-
Total Government Grant and Subsidies	20 848 696	11 984 177
14.1 Grant Salaries Ex IDC		
Balance unspent at beginning of year	-	-
Current year receipts		1 598 000
Conditions met – transferred to revenue	-	(1 598 000)
Conditions met	-	-
14.2 Grant local Economic Development Strategy Ex COGTA		
Balance unspent at beginning of year	105 135	-
Current year receipts	500 000	500 000
Conditions met - transferred to revenue	(269 953)	(393 443)
Adjustments and Transfers	-	(1 422)
Conditions still to be met-transferred to liabilities (refer to Note 2)	335 182	105 135
14.3 Grant Agri Processing Facilities Ex COGTA		
Balance unspent at beginning of year	-	-
Current year receipts	5 818 580	7 400 000
Transferred to revenue - no further conditions to be met	-	(1 387 211)
Adjustments and Transfers	(3 400 000)	(194 209)
Conditions still to be met-transferred to liabilities (refer to Note 2)	2 418 580	5 818 580

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	2014 R	2013 R
14. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
<i>14.4 Grant Ilembe District Municipality - LED</i>		
Balance unspent at beginning of year	106 509	-
Current year receipts	2 000 000	1 900 000
Conditions met - transferred to revenue	(2 106 509)	(1 781 831)
Adjustments and Transfers	-	(11 660)
Conditions still to be met-transferred to liabilities (refer to Note 2)	0	106 509
<i>14.5 Grant Ilembe District Municipality - Tourism</i>		
Balance unspent at beginning of year	204 355	-
Current year receipts	1 000 000	954 000
Transferred to revenue - no further conditions to be met	(978 324)	(749 645)
Conditions still to be met-transferred to liabilities (refer to Note 2)	226 031	204 355
<i>14.6 Grant Disaster Management</i>		
Balance unspent at beginning of year	55 318	55 318
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	55 318	55 318
<i>14.7 Grant North Coast Wine Project Ex DCGTA</i>		
Balance unspent at beginning of year	531 059	2 772 722
Current year receipts	-	-
Adjustments and Transfers	600 000	(81 771)
Conditions met - transferred to revenue	(1 138 233)	(2 159 892)
Spent from the entity's own operational funds	7 174	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	531 059
<i>14.8 Grant Amacambini Dev Project Ex DCGTA</i>		
Balance unspent at beginning of year	757 666	757 666
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	757 666	757 666



	2014 R	2013 R
14. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
<i>14.9 Grant Integrated Craft Hub</i>		
Balance unspent at beginning of year	227 315	231 253
Current year receipts	-	-
Transferred to revenue - no further conditions to be met	-	(3 841)
Adjustments and Transfers	-	(97)
Conditions still to be met-transferred to liabilities (refer to Note 2)	227 315	227 315
<i>14.10 Grant Nonoti Beach Resort Business Plan</i>		
Balance unspent at beginning of year	49 123	49 123
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Adjustments and Transfers	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	49 123	49 123
<i>14.11 Grant Maphumulo Small Town Regeneration</i>		
Balance unspent at beginning of year	85 965	85 965
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Adjustments and Transfers	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	85 965	85 965
<i>14.12 Grant Moringa Tree Plantation</i>		
Balance unspent at beginning of year	-	12 515
Current year receipts	-	-
Conditions met - transferred to revenue	-	(12 515)
Adjustments and Transfers	2 400 000	-
Conditions met.	2 400 000	-
<i>14.13 Grant Siza Water Concession</i>		
Balance unspent at beginning of year	2 086 378	947 858
Current year receipts	-	1 138 520
Conditions met - transferred to revenue	(1 843 056)	-
Adjustments and Transfers	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	243 322	2 086 378



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	2014 R	2013 R
14. GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
<i>14.14 Fresh Produce Market</i>		
Balance unspent at beginning of year	278 049	278 049
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Adjustments and Transfers	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	278 049	278 049
<i>14.15 RIDS Grant Marketing</i>		
Balance unspent at beginning of year	-	-
Current year receipts	-	200 000
Conditions met - transferred to revenue	-	(200 000)
Conditions met.	-	-
<i>14.16 Projects Ex IDC</i>		
Balance unspent at beginning of year	1 622 610	634 902
Current year receipts	-	1 236 000
Conditions met - transferred to revenue	-	(217 800)
Adjustments and Transfers	(1 336 774)	(30 492)
Conditions still to be met-transferred to liabilities (refer to Note 2)	285 836	1 622 610
<i>14.17 Growth Summit</i>		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	(251 196)	-
	-	-
	148 804	-
<i>14.18 Ndwedwe Tunnel</i>		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	(124 650)	-
	-	-
	275 350	-
<i>14.19 Tourism King Shaka Route - DEDT</i>		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	-	-
	400 000	-

	2014 R	2013 R
15. OTHER INCOME		
Included in other income is the following: -		
Other Grants ILembe District Municipality	70 850	-
Department of Education	2 566 589	3 569 673
VAT Refunds on Grants	-	319 651
Third party donation received	892 110	
Other income	2 310	2 875
	3 531 859	3 892 199
16. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	5 435 891	4 220 947
UIF	27 700	26 564
Leave pay	120 081	-
Car and other allowances	213 146	36 755
	5 796 818	4 284 266
Included in the employee related costs are the following:		
<i>Remuneration of the Chief Executive Officer</i>		
Annual Remuneration	1 054 783	904 684
Car Allowance	-	-
Other	-	-
Total	1 054 783	904 684
During the 2012/13 financial year an Acting CEO was appointed with effect from 1 August 2012.		
<i>Remuneration of the Chief Finance Officer</i>		
Annual Remuneration	450 000	54 396
Car Allowance	-	-
Other	-	-
Contributions to UIF, Medical and Pension Funds		
Total	450 000	54 396
<i>The Chief Financial Officer was appointed with effect from 27 January 2014.</i>		
17. REMUNERATION OF BOARD MEMBERS		
Remuneration includes a retainer and attendance fees at meetings:		
B N Linda	110 695	106 992
I Deetlefs	97 874	97 992
P M Mabaso	85 258	85 992
R Meer	85 258	79 992
J Wiltshire	85 061	85 999
B Pityi (Resigned November 2012)	-	20 833
Total Board Members' Remuneration	464 146	477 800



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	2014 R	2013 R
18. REPAIRS AND MAINTENANCE		
Computer equipment	-	-
Buildings	-	-
Furniture and equipment	-	-
Plant and equipment	230 872	52 647
	230 872	52 647
19. GENERAL EXPENSES		
Included in general expenses is the following: -		
Advertising	85 448	93 642
Audit Fees	276 943	572 966
Subscriptions/Licences	1 13 624	45 848
Bank charges	28 666	31 354
Entertainment/Refreshments	14 768	63 285
Consulting and professional fees	332 379	945 463
Board Expenses	24 829	39 445
Rental offices	183 272	263 749
Subsistence and Travel	253 726	101 042
Office Expenses	783 615	38 699
Insurance	29 904	-
Training	5 545	104 373
Marketing and communication	107 930	177 865
Other general expenses	-	166 735
Contracted Services:		
Internal Audit Service	570 215	285 950
ICT Services	20 767	233 165
National Schools Nutrition Programme	4 578 132	4 546 607
	7 409 763	7 710 188
20. GRANT EXPENSES		
Included in grant expenditure is the following:-		
LED Projects	2 106 509	1 781 831
Siza Water Concession Monitoring	1 843 056	-
Tourism	978 324	749 645
Container Project	-	217 800
Growth Summit	251 196	-
IDC - Renewable Energy	230 263	-
Agri Processing Grant	-	477 905
Biodiesel Grant	-	3 136
Vineyards Grant	1 341 035	1 607 521
Winery Grant	562 963	254 804
Moringa Grant	-	25 200
Ndwedwe Tunnels	124 650	3 841
RIDS	-	204 866
LED Strategy	269 953	393 443
	7 707 949	5 719 992

	2014 R	2013 R
21. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
21.1 Unauthorised expenditure		
Over expenditure on operating budget non cash item:		
Depreciation	65 595	72 771
21.2 Fruitless and wasteful expenditure		
Penalties and interest charged on the late payment of PAYE, SDL, UIF	22 475	-
21.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	-	-
Irregular expenditure for the current year:		
Three quotations not obtained no deviations	-	237 385
Competitive bidding process not followed. Contract of project management unit extended to ensure completion of LED projects.	-	328 112
Irregularities in procurement process	-	49 622
Submitted to Board for consideration and condoned	-	(615 119)
Transfer to receivables for recovery - not condoned	-	-
Deviations were approved in terms of Section 36 of the Supply Chain Management Policy:		
Total Value	659 713	1 109 490
Total Number	7	51
Incident		
Irregular expenditure is as a result of non compliance with one or more of the Supply Chain Management Regulations or Supply Chain Management Policy requirements.		
Action		
In the Board's opinion the expenditure is valid apart from the non compliance set out above. The irregular expenditure has been condoned by the Board.		



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	2014 R	2013 R
22. CASH GENERATED/(UTILISED) BY OPERATIONS		
Surplus/(Deficit) for the year	1 723 000	(3 170 891)
Adjustment for: -		
Amortisation: Intangible assets		
Previous years operating transactions	(232 932)	73 132
Depreciation: Property, Plant and equipment	1 365 611	1 181 357
Loss / (Gain) on fair value of biological assets	276 480	-
Investment income	(54 114)	(135 409)
Finance costs	-	-
Investment in municipal entity	-	-
Operating surplus/(deficit) before working capital changes:	3 078 045	(2 051 811)
Decrease in inventories	9 750	-
Decrease / (Increase) in other debtors	321 338	(958 300)
(Decrease) / Increase in unspent conditional grants	(3 741 522)	5 902 693
Decrease / (Increase) in creditors	17 082	(1 891 087)
(Increase) / Decrease in VAT receivable	(375 787)	1 838 663
Cash (utilised) / generated by operations	(691 095)	2 840 158
23. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	2 218 439	1 811 733
Current investments	-	1 087 393
Total cash and cash equivalents at the end of the year	2 218 439	2 899 126
The entity does not have overdraft facilities.		
24. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
24.1 Audit fees		
Opening balance	-	-
Current year audit fee	276 943	572 966
Prior year audit fee	-	-
Amount paid - current year	(276 943)	(572 966)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-
24.2 VAT		
Vat received for the year	404 799	2 682 804
VAT inputs receivable are shown in Note 3. All VAT returns have been submitted by the due date throughout the year.		
24.3 PAYE and UIF		
Opening balance	-	-
Current year payroll deductions	1 667 203	1 416 064
Amount paid - current year	(1 667 203)	(1 416 064)
Balance unpaid (included in creditors)	-	-
25. CAPITAL COMMITMENTS		
There were no commitments in respect of capital expenditure in the current financial year.	-	-

	2014 R	2013 R
26. CONTINGENT LIABILITIES		
It has been established that the entity may be liable to pay SARS in respect of VAT on grants received from iLembe District Municipality. Representations have been made to SARS to zero rate these grants and a response is awaited.	12 293 075	10 038 465
27. CORRECTION OF PRIOR YEAR ERRORS AND CHANGE IN ACCOUNTING POLICY		
Prior year adjustments		
Prior Year Depreciation	-	(11 856)
Prior Year Accounts Receivable	-	92 045
Prior year assets adjustment	-	(1 436)
Prior year accounts payable adjustment	-	(2 567)
	-	76 186
28. EVENTS AFTER THE REPORTING DATE		
No events after balance sheet date that could affect the presentation of the annual financial statements have been identified		
29. RELATED PARTIES		
Parent Municipality: iLembe District Municipality.		
Related party balances		
Accounts owing to related party:		
iLembe District Municipality	(709 368)	(156 816)
Accounts owing by related party:		
iLembe District Municipality	-	-
	(709 368)	(156 816)
Receivable	2 314 413	-
Payable	3 023 782	179 576
	(709 369)	(179 576)
Rental income paid to Enterprise iLembe	263 491	243 573
Grant income paid to Enterprise iLembe:		
Administration Grant	12 800 000	3 480 000
LED Grant	2 000 000	1 900 000
Tourism Grant	1 000 000	954 000
Growth Summit	400 000	-
Siza Water Concession	-	1 138 520
	16 200 000	7 472 520
Grant income paid via iLembe District Municipality to Enterprise iLembe:		
Grant Agri Processing Facilities Ex DCGTA	-	7 400 000
Grant Industrial Development Strategy Ex DCGTA	-	500 000
Grant LED Strategy Ex DCGTA	500 000	-
	500 000	7 900 000
The district internal auditors also audits the performance information of the entity at the cost of the district.		

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	2014 R	2013 R
30. OPERATING LEASES		
The future minimum lease payments payable under operating leases for the actual liability are as follows:		
No later than 1 year	43 923	241 577
Later than 1 year and no later than 5 years	-	-
	43 923	241 577
The entity is both the lessee and lessor of an office property. The lease was negotiated for a term of five years and the rental is escalated annually.		
31. TRANSFER OF AGRICULTURAL PROJECTS		
The process of transferring the following agricultural assets presently disclosed as PPE Agriculture, Biological Assets and Projects Under Construction will begin:		
Agri Processing Hubs	1 484 715	1 484 715
Bio Diesel	5 777 329	5 777 329
North Coast Vineyards	598 097	598 097
Winery	3 717 858	3 717 858
Agri Processing Facilities	1 387 211	1 387 211
Moringa Plantations	1 689 280	1 689 280
	14 654 490	14 654 490
Special Purpose Vehicles (SPVs) will be established and the assets will be transferred into these SPVs.		
In anticipation of the transfer of assets the following companies have been registered:		
Rocabex (Pty) Ltd; Rocablox (Pty) Ltd and Rocabix (Pty) Ltd.		
To date due to the assets having not been transferred to the SPVs, the above companies have not traded.		
An agreement was entered into on 28 September 2012 between Enterprise iLembe and Coation Trading 596 CC Trading as Romac Farm and Black Balance Projects (Pty) Ltd in respect of the traditional arrangements in relation to the operation of the iLembe Agri-Hubs Project with effect from 1 October 2012.		
Coalition Trading pulled out of the said agreement on 28 February 2014 due to operational issues. The entity is busy with ownership and sustainability models for the Agri Hubs process before transfers are done.		
32. GOING CONCERN		
The financial statement for the period ended 30 June 2014 have been prepared on going concern basis.		
There are no issues that would hamper the Entity from operating in the foreseeable future.		
iLembe District Municipality counsel approved the Entity's operational budget for 2014/15, which confirms the entity's existence and operation in the next 12 months.		

	2014 R	2013 R
33. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES		
33.1 Interest Rate Analysis		
Financial Assets:		
External Investments:		
Bank balances and cash	2 218 439	2 899 126
	2 218 439	2 899 126
Interest earned external investments	54 114	135 409
Interest rate	2.4%	5.6%
Outstanding Debtors:		
Other debtors	880 988	1 059 075
	880 988	1 059 075
Interest earned on outstanding debtors		
Interest rate	0.0%	0.0%
Financial Liabilities:		
Long-term Liabilities:		
Long-term Liabilities	-	-
Interest paid on long-term liabilities	-	-
Interest rate	0.0%	0.0%
33.2 Credit Risk		
Receivables:		
Other debtors	880 988	1 059 075
	880 988	1 059 075
Ageing of consumer debtors:		
Current	-	-
31-60 days	-	-
>60 days	880 988	1 059 075
Less: Provision for bad debts	-	-
Net Consumer Debtors	880 988	1 059 075
Movement Provision for bad debt:		
Balance at beginning of year	-	-
Contributions	-	-
Bad debts written off	-	-
Balance at end of year	-	-
33.3 Liquidity Risk		
Debt (Long term liabilities)	-	-
Equity (Net Assets)	23 607 178	22 160 658
Net Debt to Equity Ratio	-	-
34. SUBSEQUENT EVENTS		
There have been no subsequent events from 1 July 2014 to the date of issuing of these financial statements, other than those disclosed herein.		

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
UNAUDITED SUPPLEMENTARY APPENDIX A: ANALYSIS
OF PROPERTY PLANT AND EQUIPMENT

for the year ended 30 June 2014

	Cost / Revaluation				
	Opening Balance	Additions	Disposals	Transfers	Closing Balance
	R	R	R	R	R
Improvements	49 754	10 802	-		60 556
PPE Agriculture	14 471 198	450 313	-	3 430 040	18 351 551
Biological Assets	1 038 400	1 256 400	-	-	2 294 800
Projects - Under construction	14 428 549	1 387 212	-	(3 430 040)	12 385 721
Furniture & Equipment	463 333	168 008	-	-	631 341
Computer Equipment	177 810	2 845	(4 559)	(1 436)	174 660
Intangible Assets	25 660	-	-		25 660
	30 654 704	3 275 580	(4 559)	(1 436)	33 924 289

	Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Impairment loss/ Reversal of impairment loss/Transfers	Closing Balance	Carrying Value
	R	R	R	R	R	R
	2 356	2 564	-	277	5 197	55 359
	1 225 909	1 070 650	-	(782)	2 295 777	16 055 774
	-	-	-	-	-	2 294 800
	-	-	-	-	-	12 385 721
	109 203	66 880	-	9 630	185 713	445 628
	52 332	36 131	-	2 355	90 818	83 842
	7 283	5 132	-	376	12 791	12 869
	1 397 083	1 181 357	-	11 856	2 590 296	31 333 992



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX B: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

for the year ended 30 June 2014

	Cost / Revaluation				
	Opening Balance	Additions	Disposals	Prior Year Adjustments	Closing Balance
	R	R	R	R	R
PPE Agriculture	18 351 551		-		18 351 551
Assets Under Construction	12 385 721	-	-		12 385 721
Buildings	60 556	-	-		60 556
Biological Assets	2 294 800	-	-		2 294 800
Furniture	224 400	1 295			225 695
Machinery and Other Office Equipment	406 940	14 660			421 600
Computers	174 660	18 397		(1 204)	191 853
Softwares	25 660	9 354			35 014
	33 924 288	43 706	-	(1 204)	33 966 790
Prior Year Adjustments					
AR 2014	37 494 124				
Difference in AFS2013 and AR2014	(3 569 836)				
Transfers not made in AR cost	3 430 040	Reduce AR OB for WIP do not touch the Agri Processing because the value has already been capitalised as different Assets			

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX C: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2014

2013 Actual Revenue	2013 Actual Expenditure	2013 (Surplus)/ Deficit	
R	R	R	
16 255 358	19 426 249	(3 170 891)	Administration
16 255 358	19 426 249	(3 170 891)	

	Accumulated Depreciation					
	Opening Balance	Additions	Impairment loss/ Reversal of impairment loss/Transfers	Prior Year Adjustments	Closing Balance	Carrying Value
	R	R	R	R	R	R
	2 295 777	1 235 918	-	42 853	3 574 548	14 777 003
	-	-	-	-	-	-
	-	-	-	-	-	12 385 721
	5 197	2 019	-	(855)	6 361	54 195
	-	-	276 480	-	276 480	2 018 320
	91 229	32 088	-	444	123 761	101 934
	94 484	50 729	-	463	145 676	275 924
	90 818	38 025	-	(820)	128 023	63 830
	12 791	6 847	-	257	19 895	15 119
	2 590 296	1 365 625	276 480	42 342	4 274 743	29 692 046

	2014 Actual Revenue	2014 Actual Expenditure	2014 (Surplus)/ Deficit
	R	R	R
	24 626 995	22 968 044	1 658 951
	24 626 995	22 968 044	1 658 951



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX D(I): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

for the year ended 30 June 2014

Description	2012/13 Original Budget	Budget Adjustments	Final Budget	Actual Outcome
	R	R	R	R
Financial Performance				
Rental Income	250 000	-	250 000	263 491
Interest on investment	-	-	-	54 114
Grants and Subsidies	8 734 000	12 690 000	21 424 000	20 848 696
Sale of agricultural produce	-	-	-	-
Other income	2 423 373	10 755 627	13 179 000	3 467 352
Total Revenue (excluding capital transfers & contributions)	11 407 373	23 445 627	34 853 000	24 633 653
Employee related costs	6 781 703	(831 703)	5 950 000	5 796 818
Directors Fees	-	550 000	550 000	464 146
Depreciation	-	1 000 000	1 000 000	1 365 595
Repairs and Maintenance	150 000	-	150 000	230 872
General Expenses	5 478 500	8 864 500	14 343 000	7 503 775
Grant Expenses	-	13 860 000	13 860 000	7 707 949
Loss on disposal of assets	-	-	-	-
Less Charge outs	(1 002 830)	2 830	(1 000 000)	-
Total Expenditure	11 407 373	23 445 627	34 853 000	23 069 154
Surplus/(Deficit)	-	-	-	1 564 499
Capital :Transfers recognised			-	
Capital :Transfers recognised from Operating			-	
	-	-	-	-
Surplus/ (Deficit) after capital transfers & contributions	-	-	-	1 564 499
Capital expenditure & funds sources				
Transfers recognised - capital	-	-	-	-
Transfers recognised - Operating	-	-	-	-
Transfers recognised - capital (from Equitable Share)	-	-	-	-
Public contributions & donations	-	-	-	-
Borrowing	-	-	-	-
Internally generated funds	-	-	-	-
Total sources of capital funds	-	-	-	-

	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Variance %	Explanation of significant Variance greater than 10% versus Final Budget
	R	R	R	R	R	R
	-	13 491	105%	105%	5%	
	-	54 114	0%	0%	0%	
	-	(575 304)	97%	239%	-3%	
	-	-	0%	0%	0%	
	-	(9 711 648)	26%	0%	-74%	
		(10 219 347)	71%	216%	-29%	
	-	(153 182)	97%	85%	-3%	
	-	(85 854)	84%	0%	-16%	
	365 595	365 595	137%	100%	37%	
	-	80 872	154%	154%	54%	
	-	(6 839 225)	52%	137%	-48%	
	-	(6 152 051)	56%	0%	-44%	
	-	-	0%	0%	0%	
	1 000 000	1 000 000	0%	0%	0%	
	1 365 595	(11 783 845)	66%	202%	-34%	
	-	1 564 499	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	-	-		
	-	-	0%	0%	0%	
	-	1 564 499	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	0%	0%	0%	
	-	-	0%	0%	0%	



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX D(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE)

for the year ended 30 June 2014

	Actual 2014	Budget 2014	Variance 2014	Variance 2015
	R	R	R	%
REVENUE				
Rental Income	263 491	250 000	13 491	5,40%
Interest on investment	54 114	-	54 114	0,00%
Government grants and subsidies	20 848 696	21 424 000	(575 304)	-2,69%
Sale of agricultural produce	-	-	-	0,00%
Other income	3 460 695	13 179 000	(9718 305)	-73,74%
Total Revenue	24 626 995	34 853 000	(10226 005)	
EXPENDITURE				
Organisational development	22 968 044	34 853 000	(11 884 956)	-34,10%
Total Expenditure	22 968 044	34 853 000	(11 884 956)	
NET SURPLUS FOR THE YEAR	1 658 951	-	1 658 951	

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX D(3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)

for the year ended 30 June 2014

	Actual 2014	Budget 2014	Variance 2014	Variance 2015	Explanation of Significant Variances
	R	R	R	%	
Administration	43 706	-	43 706	100%	
PPE Agriculture	-	-	-	100%	
Biological Assets	-	-	-	100%	
	0				
Projects Under Construction	-	-	-	100%	
	45 001	-	45 001	100%	



ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX E: GRANTS AND SUBSIDIES RECEIVED - 2013/2014

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Unspent portion 2012/2013 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts
			July to Sept	Oct to Dec	Jan to Mar	April to June	
			1	2	3	4	
	R	R	R	R	R	R	R
Agri Processing Ex DCGTA	-	-	-	-	-	-	-
Disaster Management	55 317	-	-	-	-	-	-
Agri Processing Facilities Ex DCGTA	2 418 580		-	-	-	-	-
LED Strategy Ex DCGTA	105 135		-	-	500 000	-	500 000
North Coast Wine Project Ex DCGTA	1 138 233		-	-	-	-	-
Amacambini Dev Project Ex DCGTA	757 666		-	-	-	-	-
Integrated Craft Hub	227 315		-	-	-	-	-
Siza Water Concession	2 086 378		-	-	-	-	-
Maphumulo Small Town Rehabilitation	85 965		-	-	-	-	-
Nonoti Beach Resort Business Plan	49 123		-	-	-	-	-
Moringa Tree Plantation	2 400 000		-	-	-	-	-
iLembe District Municipality - LED	106 509		2 000 000	-	-	-	2 000 000
iLembe District Municipality - Tourism	204 355		1 000 000	-	-	-	1 000 000
Fresh Produce Market Broadband Project Ex DCGTA	278 049		-	-	-	-	-
Tourism King Shaka Root iLembe Winery Salaries Ex IDM	-		-	-	400 000	-	400 000
	-		5 645 000	-	1 600 000	3 395 000	10 640 000
Projects Ex IDC	1 622 610		-	-	-	-	-
Ndwedwe Tunnel	400 000						
Growth Smmit Conrite Wall			400 000			431 120	400 000
iLembe DM Operating Grant	-	-	-	-	-	-	-
Operating Grant Ex IDC							
	11 935 235	-	9 045 000	-	2 500 000	3 826 120	14 940 000
Unspent grants at 31 July 2013 - Note 2	11 935 235						



	Quarterly Expenditure				Total Expenditure	Unspent portion 2013/2014 financial statements	Grants and Subsidies delayed/ withheld	Reason for delay withholding of funds	Did your municipal entity comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
	July to Sept	Oct to Dec	Jan to Mar	April to June						
	1	2	3	4						
	R	R	R	R	R					
-	-	-	-	-	-	-	NO	N/A	YES	N/A
-	-	-	-	-	-	55 317	NO	N/A	YES	N/A
-	-	-	-	-	-	2 418 580	NO	N/A	YES	N/A
-	-	-	-	-	-	335 182	NO	N/A	YES	N/A
-	-	-	-	-	1 138 233	-	NO	N/A	YES	N/A
-	-	-	-	-	-	757 666	NO	N/A	YES	N/A
-	-	-	-	-	-	227 315	NO	N/A	YES	N/A
-	-	-	-	-	1 843 056	243 322	NO	N/A	YES	N/A
-	-	-	-	-	-	85 965	NO	N/A	YES	N/A
-	-	-	-	-	-	49 123	NO	N/A	YES	N/A
-	-	-	-	-	-	2 400 001	NO	N/A	YES	N/A
-	-	-	-	-	2 106 509	-	NO	N/A	YES	N/A
-	-	-	-	-	978 324	226 031	NO	N/A	YES	N/A
-	-	-	-	-	-	278 049	NO	N/A	YES	N/A
-	-	-	-	-	-	400 000				
-	-	-	-	-	12 800 000	-				
-	-	-	-	-	230 263	-	NO	N/A	YES	N/A
-	-	-	-	-	124 650	275 350				
-	-	-	-	-	251 196	148 804				
-	-	-	-	-	-	-				
-	-	-	-	-	-	285 835				
-	-	-	-	-	19 472 232	8 186 539				
Unspent grants at 30 June 2014 - Note 2						8 186 539				



4.2. REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL TO KWAZULU-NATAL PROVINCIAL LEGISLATURE AND COUNCIL ON ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the iLembe Management Development Enterprise (Pty) Ltd set out on the pages 23 to 71, which comprise the statement of financial position as at 30 June 2014, the statement of financial performance, statement of changes in net assets, the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

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

Auditor-general's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA), the general notice issued in terms thereof and International Standard on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipal entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for purpose of expressing an opinion on the effectiveness of the municipal entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements,
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iLembe Management Development Enterprise (Pty) Ltd as at 30 June 2014 and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the MFMA and Companies Act.

Emphasis of matters

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

Significant uncertainty

8. With the reference to note 26 to the financial statements, the iLembe Management Development Enterprise (Pty) Ltd made representations with regard to a possible payment of output value-added tax (VAT) on grants received from its parent municipality. There has been no ruling on this matter to date. If the ruling is against the

municipal entity, a VAT output of R12,29 million will be payable. No provision for any liability that may result has been made in the financial statements.

Material under spending of the capital budget

9. As disclosed in the statement of comparison of budget and actual amounts, the municipal entity has materially underspent the budget on capital expenditure to the amount of R9.46 million. This has resulted in the entity not receiving all of its planned service delivery targets for the year.

Additional matters

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

Other reports required by the companies Act

11. As part of my audit of the financial statements for the year ended 30 June 2014, I have read the director's report and audit committee to report for the purpose of identifying whether there are material inconsistencies between these reports and audited financial statements. These reports are the responsibility of the respective preparers. I have not audited these reports and accordingly do not express an opinion thereon.

Unaudited disclosure notes

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with PAA and the general notice issued in terms thereof, I report the following findings on reported performance against predetermined objectives in the annual performance report, compliance with legislation as well as internal control. The objective of my test was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipal entity for the year ended 30 June 2014:
15. Objective: local economic development (LED)-socio economic services, page 84 to 91.
16. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
17. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by National Treasury's Framework for managing programme performance information.
18. I assessed the reliability of reported performance information to determine whether it was valid, accurate and complete.
19. I did not raise any material findings on usefulness and reliability of the reported performance information for the selected objective.

Additional matters

20. Although no material findings concerning the usefulness and reliability of performance information were identified in the annual performance report, I draw attention to the following matter below



Achievement of planned targets

21. Refer to the annual performance report on page 84 to 91 for information on the achievement of planned targets for the year.

Compliance with legislation

22. I performed procedures to obtain evidence that the entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key applicable legislation as set out in general notice issued in terms of the PAA.

Internal control

23. I considered internal control relevant to my audit of financial statements, annual performance report and compliance legislation. I did not identify any deficiencies in internal control, which I considered sufficiently significant for inclusion in this report.

Auditor-General

Pietermaritzburg
28 November 2014







Introduction

The financial year ended 30 June 2014 has again been a successful year for the iLembe Management Development Enterprise (Pty) Ltd, trading as Enterprise iLembe. The entity achieved a clean audit opinion from the Auditor General's audit report.

Operating Results

Details of the operating results are included in the financial statements included in this Annual Report. A summary of the results is as follows:

REVENUE	Actual 2014 R	Budget 2014 R	Variance Actual/Budget %
Opening Surplus	22 160 558	-	-
Operating income for the year	24 698 159	30 928 117	(79.9)
Total	46 848 717	30 928 117	
EXPENDITURE			
Operating expenditure for the year	22 975 159	30 928 117	(74.3)
Closing surplus	23 607 078	-	-
Total	46 582 237	30 928 117	

An amount of R5 864 000 was spent on projects during the 2013/14 financial year as per the following:

Project	Spent 2013/14 R(000)
Open Fields	2 106
Vineyards and Winery	1 904
Growth Summit	251
IDC – Renewable Energy	230
Tourism	978
Agri Processing Facility	125
LED Strategy	270
TOTAL	5 864



One of the challenges facing Enterprise iLembe is the timing of the receipt of grants from the Industrial Development Corporation and the Provincial Department of Co-Operative Government and Traditional Affairs. The grants from the Department of Co-Operative Government and Traditional Affairs are paid via the iLembe District Municipality while the Industrial Development Corporation grant is paid directly to Enterprise iLembe.

It has been very difficult for Enterprise iLembe to plan for the expenditure of the grants due to the fact that it was unknown when the grants would be received. This delayed the implementation of the projects as the supply chain management processes were only implemented once the grants had actually been received.

Conditional Grants

Due to the uncertainty as regards the timing of the receipt of the grants, alluded to above, the following amounts as regards conditional grants were unspent at 30 June 2014:

Grant	Unspent Grant as at 30 June 2014 R(000)
Grant Disaster Management	55
Agri Processing Tunnels – Ndwedwe	275
Grant Amacambini Dev Project Ex DCGTA	758
Grant Integrated Craft Hub	227
Siza water Concession	243
Moringa Tree Plantation	2 400
Tourism King Shaka Route	400
Maphumulo Small Town Rehabilitation	86
Nonoti Beach Resort Business Plan	49
Fresh Produce Market	278
IDC Projects Grant	286
Agri Processing Facility	2 419
Tourism Grant	226
Growth Summit	149
LED Strategy	335
TOTAL	8 186

An amount of R5 864 000 was spent on projects during the 2013/14 financial year as per the following:

Accumulated Surplus

The accumulated surplus as at 30 June 2014 was R23 607 178.

Cash and Cash Equivalents

As at 30 June 2014 the cash and cash equivalents held by Enterprise iLembe were as follows:

Details	R.
Cash at bank	2 218 439
Current Investments	0
TOTAL	2 218 439

Expression of Appreciation

Thanks to the Chairman of the Board, Board Members, Acting Chief Executive Officer and staff for their support and assistance. Special appreciation is also given to the Office of the Auditor-General for their support.



MR. T. MKHWANAZI
Chief Financial Officer

4.4. AUDIT ACTION PLAN

No	Audit Finding	Rating	Unit	Internal Control Deficiency	Action	Assigned To	Date of Action	Action to Date	% Complete
1	Significant uncertainty on VAT payable on grants received from IDM (Possible R12.2 million may be payable if the ruling is against the entity).	H	CFO	Inadequate daily and monthly controls for this process	Request a tax directive and an audit of the grants from SARS.	CFO	30-Jun-15	Audit done by SARS awaiting feedback.	50%
2	Financial Sustainability of the entity - Unspent grants are not cash backed.	H	CFO	Inadequate daily and monthly controls for this process	A report on the reasons for the unspent grants to not be cash backed will be tabled to the Board and IDM. All new grants to be invested in separate call accounts. Management to have discussions with CoGTA on reallocation of funds.	CFO	30-Jun-15	Meeting to be held with CoGTA before the end of January 2015.	30%
3	Senior positions filled on an acting basis. The CEO's position filled on an acting basis.	M	CEO/ CFO	The board did not fill positions within a reasonable period of time.	Positions to be advertised and filled before 30 June 2015.	CEO	30-Jun-15	The CEO position was advertised the process is with IDM, The CFO position has been filled, interviews were held for the Head LED position and HR processes are taking place at the moment.	67%
4	No progress on transfer of assets	M	CFO	The board has not ensured that the shareholders agreement is entered into within reasonable time in order to increase benefits and reduce losses/ expenditure to the entity	Ownership models and registration of co-ops to be fast tracked so that assets can be transferred to the beneficiaries. Public facilitation to be held to propose on the ownership structure.	CEO	On going	A project steering committee has been set up to resolve and decide on the ownership and sustainability model the committee is represented by Economic Development Portfolio Committee Members, Tribal Authority, Ward Councillors and local municipal representatives. Meeting of the project steering committee to be held before 31 January 2015.	50%



**LUTHULI
MUSEUM**





Chapter 5

Functional Service Delivery Reporting

5.1. SERVICE LEVEL AGREEMENT

Enterprise iLembe has a Service Level Agreement with iLembe District Municipality. The SLA guides the mandate of the Entity and sets out the function and services to be delivered as follows:

1. Project Management Unit: Using the Project Management Unit for developing and implementing detailed service delivery plans within the framework of the municipality's IDP;
2. Promotion of Social and Economic Development: To promote integrated and equitable social and economic development within the district as a whole by taking appropriate steps to enhance such development;
3. Tourism: Promotion of local tourism for the area of the district municipality;
4. Markets: The establishment, conduct and control of fresh produce markets serving the area of a major portion of the municipalities in the district;
5. Abattoirs: The establishment, conduct and control of abattoirs serving the area of a major portion of the municipalities in the district;
6. Airports: Municipal airports serving the area of the district municipality as a whole
7. Incidental Powers: The right to exercise any power concerning a matter reasonably necessary or incidental to the effective performance of the functions, the exercise of the power and the provision of the services in the paragraph 1 to 7 above.

The following items are not the core function of the Agency:

- > Project Management Unit
- > Social development
- > Markets
- > Abattoirs

The SLA needs to be revised to more accurately reflect the mandate and functions of the Agency, as many of the above activities are not deemed the responsibility of the Agency. This will be discussed with the Shareholder and reviewed in 2014/2015.

Reporting

The Chief Executive Officer as the Accounting Officer has been mandated by the Board of Enterprise iLembe to report on these functions to iLembe District Municipality. In addition to the various structures regular meetings are held between the Board of Enterprise iLembe and principals of the District. The Acting CEO reports into the following structures;

- > iLembe District Management Committee Meetings (MANCO)
- > Economic Development Portfolio Committee
- > Inter-governmental Forums

The Shareholder iLembe District Municipality also has ex-officio representation on the Board of Enterprise iLembe; these being one official and the chairperson of the Economic Development Planning Portfolio Committee.





Chapter 6

Annual Performance Management Reporting

6.1. ORGANISATIONAL SCORECARD – SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP)



National Kpas	Idp Objective	Departmental Objective	Key Performance Area	Key Performance Indicator	Unit Of Measure	Baseline	Annual Target 2012/2013	Annual Actual 2012/2013
SOCIO-ECONOMIC SERVICES	To facilitate and stimulate local economic growth in the District	To drive local economic development in the District	Local Economic Development; Schools Nutrition Programme Infrastructure & Programme Management	Develop a 3-5 year broad strategic plan for the National Schools Nutrition Programme by deadline	Date	New measure	New measure	New measure
		To drive local economic development in the District	Local Economic Development; Schools Nutrition Programme Infrastructure & Programme Management	Percentage Increase of yield from local farmers for the NSNP by deadline	Percentage & Date	65%	New measure	New measure
		To drive local economic development in the District	Local Economic Development; Schools Nutrition Programme Infrastructure & Programme Management	Number of co-ops phased out of the Farmers Support Programme by deadline. (to ensure long term sustainability of NSNP programme)	Number	New measure	New measure	New measure
		To ensure local produce is sourced 100% from iLembe District	Local Economic Development - School Nutritions Programme	Increase in Number of new Open Fields Projects	Number	18	New measure	
		To facilitate for job creation opportunities	Local Economic Development	Number of co-operatives registered to increase new job opportunities	Number	New measure	New measure	New measure
		To coordinate government LED support and programmes in the District	Local Economic Development	Number of Feasibility Studies for entry into economic sector approved by deadline	Number	New Measure	New measure	New measure
		To promote and attract trade and investment into the District	Trade and Investment Promotion	"Number of intelligence reports developed on trade and investment market (Trade and Investment market intelligence) "	Number	4	4	3
		To promote Entrepreneurship in the iLembe District	Trade and Investment Promotion	Number of Progress Reports submitted on the Entrepreneur Competition.	Number	New Measure	New measure	New measure

Annual Target 2013/2014	Annual Actual 2013/2014	Budget	Reason For Variance/ Comments	Corrective Measure	Pms Comments	Evidence Ref Number	Evidence	Performance Symbol	Weightings
By 30 June 2014	Final Plan	Salaries				1	Y	😊	M
100% by 30 June 2014	100%	Salaries			We need documents from DOE ordering what was supplied, to support 100%, DOE does not place orders. Ei supplies according to the menu (which is the same for the whole year and has been submitted as POE). See June pack list attached.	2	Y - Insufficient Evidence	😞	M
5 by 30 June 2014	5	Salaries				3	Y	😊	M
22 new farms	28 new farms	R2 000 000 (idm)				4	Y	😊	H
4	12	Salaries				5	Y	😊	H
2 by end June 2014	3	R770 000 (idc)	1 Hydro/ Solar, 1 Biomass, 1 tourism			6	Y	😊	M
1	1	R300 000 (mktg)				7	Y	😊	M
2 reports	2	R100 000				8	Y	😊	L



National Kpas	Idp Objective	Departmental Objective	Key Performance Area	Key Performance Indicator	Unit Of Measure	Baseline	Annual Target 2012/2013	Annual Actual 2012/2013
SOCIO-ECONOMIC SERVICES	To facilitate and stimulate local economic growth in the District	To promote business retention and expansion and attract new investment	Tourism, Marketing & Promotions	Number of exhibitions attended	Number	3	2	6
		To promote business retention and expansion and attract new investment	Tourism, Marketing & Promotions	Number of adverts/ advertorials in relevant publications	Number	3	3	3
		To promote business retention and expansion and attract new investment	Tourism, Marketing & Promotions	Number of Official Tourism Travel Guide for 2014/2015 developed by deadline	Date & Number	1	1	1
		To promote business retention and expansion and attract new investment	Tourism, Marketing & Promotions	Support Events to increase visitors to District	Number	2	2	4
INSTITUTIONAL TRANSFORMATION & DEVELOPMENT	To improve service delivery through implementation of performance management	To implement Performance Management Systems within EI	Performance Management	Number of review sessions of employees' performance conducted timeously	Number	4	4	3
		To manage the staff component of the Agency	Well resourced management capacity (Organogram)	a) Reviewed organogram by the board by deadline b) Percentage of posts filled on the organogram	Date & Percentage	a) March 2013 b) 93.75 % (old organogram - 16 posts)	a) July & Dec 2012 b) 90%	a) March 2013 b) 93.75 % (old organogram - 16 posts)
	To improve the accountability and transparency through credible information from the IDP to public	To improve the capacity of staff to deliver services	Employee Training	Percentage of employees trained	Percentage	50%	90%	40%
		To ensure adequate financial management	Obtain Clean Audit for 2012/13	a) Clean audit report by the AG for 2012/13 b) % decrease in AGs findings c) No repeat findings	a) AG Report b) Percentage c) Number	a) Unqualified audit report 2011/2012 b) 21% c) 0	Clean Audit Report 2011/2012	Unqualified audit report 2011/2012

Annual Target 2013/2104	Annual Actual 2013/2014	Budget	Reason For Variance/ Comments	Corrective Measure	Pms Comments	Evidence Ref Number	Evidence	Performance Symbol	Weightings
3	6	R1 000 000 (idm)	Dbn Int Film Fest, Getaway Show, SETE, Beeld Holiday Show, Rand Easter & Indaba			9	Y	😊	M
3	3					10	Y	😊	M
1 by end June 2014						11	Y	😊	M
"	1		Dolphin Ultra Walk, Hlomendlin & iBeach Festival			12	Y	😊	M
4	4	Salaries				13	Y	😊	M
		a) December 2013 b) 89% (new reviewed organogram - 18 posts)"	a) December 2013 b) 83%"	Salaries	b) 3 posts advertised	14	a) Y b) Y	a) 😐 b) 😞	M
10%	22%	R25 000(idm)				15	Y	😊	H
a) Clean audit report by the AG for 2012/13 b) 25% c) 0"	a) Unqualified Report b) 25% c) 0	R1160 000 (idm)				16	a) Y b) Y c) Y	a) 😞 b) 😊 c) 😊	H






National Kpas	Idp Objective	Departmental Objective	Key Performance Area	Key Performance Indicator	Unit Of Measure	Baseline	Annual Target 2012/2013	Annual Actual 2012/2013
FINANCIAL VIABILITY MANAGEMENT AND ORGANISATIONAL CAPACITY	To promote an institution that is representative, participative and empowered to improve the institutional capabilities for service delivery	To ensure prudent financial management and reporting, ito MFMA	Financial Management	Percentage variance of both under and over spending	Percentage	Under - 10% Over 10%	10%	35%
		To ensure prudent financial management and reporting, ito MFMA	Management of service providers/ Contract Management	Number of Quarterly reports on performance of service providers submitted to the board by the deadline	Number	2	4	1
	To achieve a clean audit	To reduce the dependence on consultants assisting with implementation of projects.	Consultants Expenditure	Percentage decrease in consultants expenditure	Percentage	New measure	New measure	New measure
	To ensure long-term financial viability and sustainability of Enterprise iLembe	To ensure prudent financial management and reporting, ito MFMA	Cost Coverage	Cost Coverage ratio (All available cash + investments/ monthly fixed operating expenditure)	Ratio	4.0 : 1.0	4:01	4.0 : 1.0
		To ensure prudent financial management and reporting, ito MFMA	Management of cashflow	Cashflow Management (Ability of EI to meet its financial obligations)	Number	30 days	30 days cash on hand (Range between 30 and 60 days with 60 days being ideal)	80 days
	To ensure compliance with the SCM policy & regulations	To ensure good governance and provide Mandate aligned strategic direction	Good Governance	Number of board meetings held to ensure effectiveness of Board of Directors	Number	6	4	7

Annual Target 2013/2104	Annual Actual 2013/2014	Budget	Reason For Variance/ Comments	Corrective Measure	Pms Comments	Evidence Ref Number	Evidence	Performance Symbol	Weightings
Remain within 10% variance for both under and over expenditure	29%	Salaries	Due to the fact that our adjustment budget allocation was transferred later than expected and resulted to underspending.			17	Y		H
4	4	Salaries	July, October, March & June		Q2 reports for Dec 2013 were not provided. We need evidence for Q2. Further, we noted that Zunco Foods, June 2014 report states that 2 distribution sets were delivered & erected, March 2014: 2 out of 6 sites have been established & functioning. 31 Oct 2013 & July 2013: 3 out of 6 sites have been established & functioning. Please clarify, how many sites are functional. Q2 reports were done mid quarter i.e. October 2013 so there is no evidence for end December 2013. 2 Sites are fully functional.	18	Y		M
90%	71,70%		The contract for Sigma was terminated in the third quarter.			19	Y		H
1.0 : 1.0	1.59:1	Salaries				20	Y		M
30 days	49 days	Salaries	Due to the fact that our adjustment budget allocation was transferred later than expected and resulted to underspending.			21	Y		M
4	6	R600 000 (idm)	The September & December Meetings were not quorated.	Additional meetings were held on 4 March, 12 March, 20 May and 03 April.		22	Y		M



National Kpas	Idp Objective	Departmental Objective	Key Performance Area	Key Performance Indicator	Unit Of Measure	Baseline	Annual Target 2012/2013	Annual Actual 2012/2013
GOOD GOVERNANCE	To ensure long-term financial viability and sustainability of Enterprise iLembe	To ensure good governance and provide Mandate aligned strategic direction	Good Governance	Number of Audit Committee reports submitted to the Board and the District	Number	2	4	1
		To ensure good governance and provide Mandate aligned strategic direction	Operation Clean Administration	Monthly financial information reports (MFMA Section 71) submitted to the District by deadline	Date	10th day of each month	7th Day of each month	2012/08/20 2012/09/11 2012/10/09 2013/02/08 2013/03/08 2013/04/10 2013/06/07
	To achieve a clean audit	To ensure good governance and provide Mandate aligned strategic direction	Operation Clean Administration	Performance Report with accurate & complete POEs submitted by deadline monthly	Date	12 reports by 14th day of each month	7th day in the new month after the quarter has ended	2012/08/20 2012/09/11 2012/10/09 2012/11/16 2012/12/21 2013/01/1 2013/02/01 2013/03/11 2013/04/10
		To ensure good governance and provide Mandate aligned strategic direction	Multi year strategic plan	Strategic plan for EI with clear measurable targets developed and approved by the board by deadline	Date	Draft Plan	End March 2012	Draft plan - Feb 2013

PERFORMANCE SYMBOLS				
TARGET MET	IN PROGRESS	NOT MET	N/A	TOTAL
				
21	4	4	0	29

WEIGHTING SYMBOLS				
HIGH	MEDIUM	LOW	TOTAL	TOTAL
H	M	L		
8	20	1	29	29



Annual Target 2013/2104	Annual Actual 2013/2014	Budget	Reason For Variance/ Comments	Corrective Measure	Pms Comments	Evidence Ref Number	Evidence	Performance Symbol	Weightings
2	2		Draft Report Attached			23	Y	😊	M
10th day of each month	14/08/2013 09/09/2013 10/10/2013 11/11/2013 10/12/2013 11/02/2014 10/03/2014 08/04/2014 12/05/2014 10/06/2014 10/07/2014	Salaries				24	Y	😊	M
14th day of each month	14/08/2013 09/09/2013 10/10/2013 08/11/2013 10/12/2013 10/02/2014 10/03/2014 10/04/2014 14/05/2014 12/06/2014 10/07/2015	Salaries				25	Y	😊	M
End March 2014	Final Plan	Salaries				26	Y	😐	M

6.2. CONCLUSION

As an organisation that has been in existence for a few years, we are proud of the achievements in building an Agency with an enviable profile and plausible delivery track record.

As an Entity we are always under enormous pressure to deliver and to create practical and efficient mechanisms to improve our LED projects implementation, and to generate new LED projects and we will continue to strive to not only meet but exceed the mandate from our Shareholder, iLembe District Municipality.

Receiving a clean Audit Opinion from the Auditor General is certainly a major achievement for the Entity and this can only be attributed to the commitment, hard work and dedication of the Board, Management and staff.







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enterprise ilembe
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