



enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY



ANNUAL REPORT 2016/17



The image is a cover for an annual report. It features a photograph of a modern, multi-story building with a prominent waterfall cascading down its side. The building has a light-colored facade and large, cantilevered balconies. In the foreground, there is a stone wall with a sign that reads "Brettenwood". A large, pink lotus flower is in the lower-left foreground, and a pond with lily pads is at the bottom. The sky is a clear, light blue. The text "ANNUAL REPORT 2016/17" is overlaid in white, bold, sans-serif font on the right side of the image. A decorative graphic element consisting of overlapping geometric shapes is on the right edge. At the bottom, a dark horizontal band contains the text "INVESTMENT DESTINATION OF CHOICE" in white, uppercase letters, with a subtle grid pattern in the background.

**ANNUAL REPORT
2016/17**

INVESTMENT DESTINATION OF CHOICE

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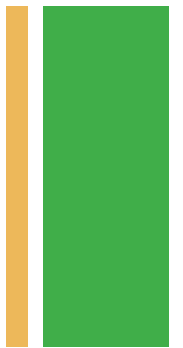
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CHAPTER 1
INTRODUCTION AND OVERVIEW



1.1 | INTRODUCTION

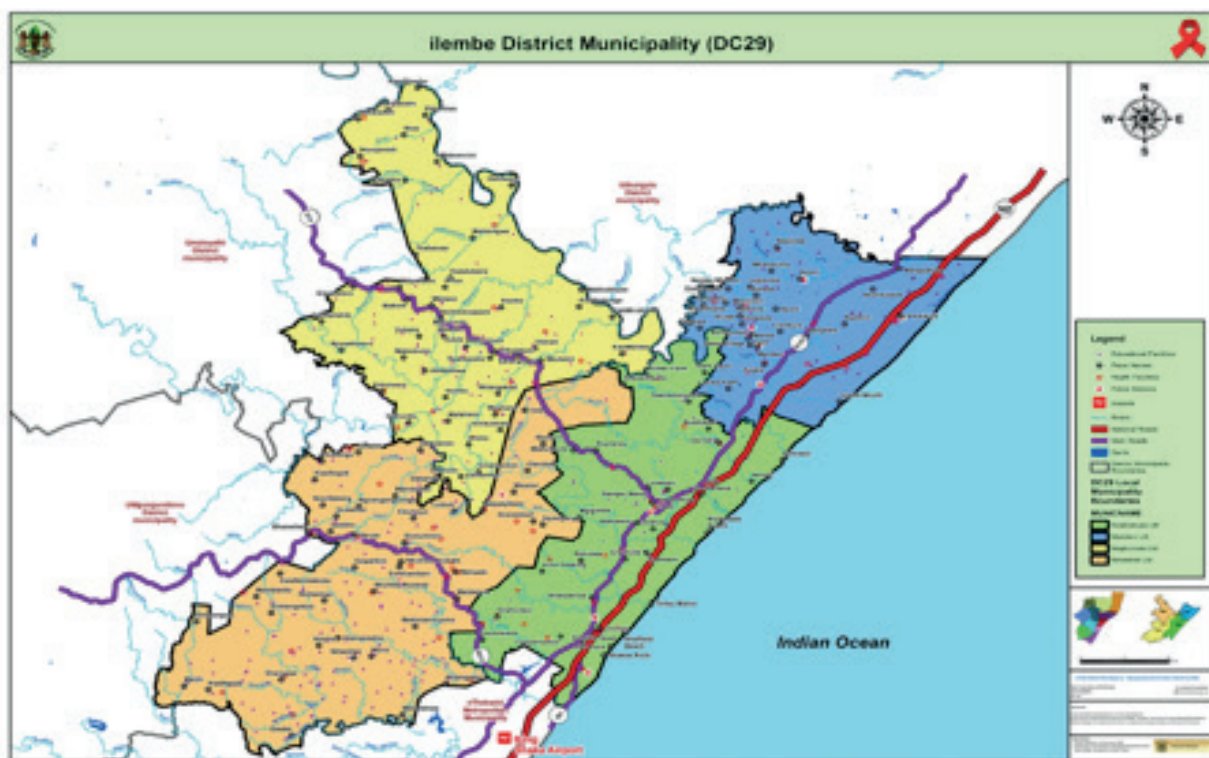
The purpose of this report is to present the following aspects:

- The Annual Report for financial year 2016/2017;
- Performance and Audit outcomes; and
- Challenges and achievements of Enterprise iLembe Economic Development Agency.

1.2 | OVERVIEW OF ILEMBE DISTRICT MUNICIPALITY

The 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 and 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.

Figure 1: Map of iLembe District Municipality (DC29)



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 657000. The municipality covers 3260 square kilometers and is divided into four local municipalities: KwaDukuza, Mandeni, Maphumulo and Ndwedwe.

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

Agriculture - This sector is characterized by two main distinct types:

- Commercial agriculture, such as sugar cane farming along the coastal strip; and
- 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 in 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 favorable climate and its excellent beaches. This sector has consistently grown in iLembe and offers a variety of tourism facilities that can be categorized as follows:

- Cultural and Heritage tourism
- Beach tourism
- Nature-based 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; and
- Real estate business / community / social / personal services / government services.



FOREWORD BY THE CHAIRMAN

Mr. Khanyisani Shandu

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities. Whilst Enterprise iLembe has been making great strides in ensuring an integrated approach in driving economic development in the district, challenges still remain. One of these being the financial viability and sustainability of the Entity. Financial sustainability is desirable for Enterprise iLembe as it holds a number of advantages for the agency and its operations and the community at large. The Board shall continue engaging with the shareholder and funding partners on this issue.

With the suspension of the National Schools Nutrition Programme between August and December 2016 which was due to non-payment from the Department of Education, dealing with the issue of non-cash backed grants and the resignation of the CEO, Mr. Thami Mkhwanazi, one can easily determine that the 2016/2017 financial year was indeed a challenging one for Enterprise iLembe. The Entity through its well instituted structures, systems and staff capacity as well as through the guidance of the shareholder and political leadership managed to weather the storm and pull through.

The business confidence in iLembe District was at an all-time low during the latter part of 2016 with a recorded index point of 45.5 down a further 0.9 index points compared to the first half of 2016. This however changed in the first half of 2017 where business confidence was recorded at 49.5 index points, equalling the highest confidence level which was recorded in 2015.

The two market related indicators of competition and market size jointly remained the most significant business constraint selected by 51% of businesses. Sentiments that the local market is overtraded in certain sectors highlighted the need for competent and innovative business innovation and management as well as the imperative of developing a diverse regional economy with significant job creation potential and skills development.

In February 2017 a new Board comprising of six independent members were appointed by iLembe District Municipality:

- Mr. K. Shandu – Chairperson
- Prof. T. Nzama – Vice Chairperson
- Mr. C. Oeelfse
- Ms. D. Nene
- Mr. Z. Gumede
- Ms. N. Mngadi

The new members bring valuable expertise in the area of economic development, and business and trade promotion, drawn from their extensive collective experience in the private and public sector companies. We would also like to place on record our sincere thanks and gratitude to the outgoing board members for their invaluable contribution during their tenure at Enterprise iLembe:

Mr. B. Linda
Ms. Z. Zeka
Mr. I. Deetlefs

The table below reflects the schedule of board meetings and the attendance thereof.

Table 1: Schedule of Board Meetings

Name	19 Jul 16	21 Oct 16	21 Feb 17	24 Mar 17	22 Jun 17
Mr. B. Linda	√	√	-	-	-
Mr. I. Deetlefs	√	x	-	-	-
Mr. C. Oelofse	√	√	√	√	√
Ms. T. Nzama	√	√	√	√	√
Ms. Z. Zeka	√	√	-	-	-
Mr. K. Shandu	√	√	√	√	√
Ms. N. Mngadi	-	-	√	√	-
Mr. Z. Gumede	-	-	√	√	√
Ms. D. Nene	√	x	x	x	√

Following a rigorous and thorough selection and recruitment process, a new Chief Executive Officer was appointed on 05 June 2017. Mr. Nkosinathi Nkomzwayo brings with him a wealth of private sector experience and as the board we are confident in his abilities to lead Enterprise iLembe in the direction of sustainable viability whilst ensuring that we meet the mandate of radical economic transformation in the region.

The Board will continue to work towards the implementation of well researched strategies to advance the desires of the electorate and the broader citizens of iLembe District Municipality.

I take this opportunity on behalf of the Board, to express our gratitude to Council and management of iLembe District Municipality, who have given us unwavering support in delivering against our mandate. A special thank you is also extended to the Manager: Tourism & Marketing; Ms. C. Peters and the Head: LED; Ms. T. Ngcobo who held the fort as Acting CEO from the period of 01 August 2016 – 04 June 2017.

Thank you to the rest of the management team and staff of Enterprise iLembe for your dedication and for the role you play within Enterprise iLembe. Let us continue to work hard and ensure that we make a meaningful contribution to the communities we serve.



K. SHANDU
Chairman



FOREWORD BY THE CEO

Mr. Nkosinathi Nkomzwayo

The 2016/2017 financial year was certainly not an easy one for Enterprise iLembe.

The Global Economic recession and slowdown in business activity is now being felt within the SA economy and is clearly evident in the Business Confidence Index for iLembe District Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016. The iBCI report is prepared bi-annually as a joint collaboration between the Enterprise iLembe and iLembe Chamber of Commerce, Industry and Tourism.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing.

Our mandate, as the District Development Agency remains clear:
“Driving economic development through poverty alleviation and sustainable job creation”.

ENTERPRISE ILEMBE has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review. Programs and projects like NSNP, Open Fields, SMME & Cooperatives Support, Hydroponic Tunnels, and WowZulu Market are some of the initiatives that ENTERPRISE ILEMBE is driving for the District to address these challenges. The Agency also plays an active and sometimes a leading role in driving and/or facilitating National and Provincial Programs aimed at ensuring economic transformation in the District. Programs such as Radical Agrarian Socio-Economic Transformation (RASET) and Black Industrialist (BI) are some of the National and Provincial Programs that ENTERPRISE ILEMBE facilitates within the District.

In terms of sustainability, the Agency continues to face the challenge of an ongoing concern issue as other District Development Agencies in the Province. However, ENTERPRISE ILEMBE has carefully managed to develop and implement programs and projects that can assist the Agency in its quest for financial sustainability and reducing over reliance on parent municipality. The implementation and operationalization of these programs and projects will form a strategic focus in the financial year ahead.

Finance and Governance

- Enterprise iLembe is a grant funded institution and the challenge of securing grant funding and receiving it on time will always exist. The ability to spend the funding received in order to secure further funding impacts on operations and the completion and continuation of projects.
- The total budget for the 2016/2017 financial year was R54 081 091.
- The suspension of the National Schools Nutrition Programme in 2016 due to non-payment from the Department of Education impacted on the financial resources of the Entity.
- Enterprise iLembe participates at all relevant inter-governmental structures at both the local and provincial level.
- The external audit committee and the risk committees are operational and functioning well.

Human Resources

The Entity has a fully resourced structure with a total employee count of 24 as at end June 2017. There were four (4) resignations and five (5) new appointments in the financial year. Staff continue to undergo training in the various required fields and skills.

Performance Management

The Entity utilizes the Service Delivery Budget Implementation Plan (SDBIP) as a performance management tool for the Entity as an organization. Reporting using this performance plan is conducted on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes a portfolio of evidence.

Enterprise iLembe managed to meet 74% of its target for the 2016/2017 financial year; meeting a total of 26 out of 35 targets, with 4 in progress and 5 not met. The decrease in performance as seen in the table below was mainly due to the Board Decision to suspend the National Schools Nutrition Programme (NSNP) programs due to non-payments by the Department of Education (DOE). This matter has since been resolved.

Table 2: Performance Management Overview- Achieved Targets

FINANCIAL YEAR	TARGET MET	% achieved
2016/2017	26 out of 35	74%
2015/2016	39 out of 44	87%
2014/2015	29 out of 39	74%
2013/2014	21 out of 29	72%

Local Economic Development

National Schools Nutrition Programme (NSNP)

The NSNP unfortunately had to be suspended in August 2016 due to non-payment from the DOE. This had a severe negative impact on both the image of the Entity as well as the farmers who are reliant on the NSNP market.

This activity saw the Entity deliver more than 2,000 tons of vegetables to 406 schools in the district. One of the major focusses in the new financial year will be to increase farming activity from locally developed farmers rather than procuring vegetables from the Durban fresh produce market. Negotiations for the new contract with the Department are underway and should be finalized early in the new financial year.

Open Fields

Enterprise iLembe supported a total of 20 farms in this financial year. The support included the provision of mechanization, supply of chemicals, fertilizers, seeds and seedlings and technical advice and mentorship to the farmers in the four local municipalities.

Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs, climatic challenges and financial resources is forcing the Entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization.

Vineyards and Winery

Options are being explored to get a product to market shortly under the brand 1787; and the most viable is to distil the Villard Blanc in tanks to a spirit. This process is ongoing and are waiting on quotes from Distillers.

An application is underway to request funding from IDM to assist with funds that are required for the retail space and extensive documents are required for the application which Enterprise iLembe is in the process of compiling. Born and bred have delivered the final design of 1787 re-branding.

To ensure that the “1787” wine gets maximum marketing and exposure, Enterprise iLembe has received the Distribution License from South African Revenue Services (SARS) which allows for the selling of the wine on the Sugar Rush premises as it stands is up to date; this license was recently renewed and is valid until May 2018.

Biodiesel

The Biodiesel Processing Facility project objective was to plan, construct and operate a sustainable; community based rural biodiesel production facility in Mandeni Local Municipality as part of a broader District-wide growers’ programme whereby small scale farmers with access to small plots of land are able to plant Moringa and sell the seeds at a contracted price to the processing plant.

Due to lack of interest in the project by private investors, no progress and continued overhead expenditure on the project, Enterprise iLembe Board and Council has resolved on discontinuing the project; and that it be written off and dispose the equipment which is currently being stored in a warehouse in Isithebe.

Hydroponic Tunnels

This project was on hold as the project underwent much needed repairs to the existing eight structures. Due to budgetary constraints, Enterprise iLembe was only able to budget for refurbishing one site each financial year. Repairs to the Bulwer Site in KwaDukuza was completed and is now fully operational.

Repairs to the Mandeni site commenced in November 2016. The second service provider was appointed to conduct the electrification of the Mandeni Tunnel which has been completed and is expected to be operational in the next financial year.

Budget will be made available to repair the Maphumulo tunnels in the 2017/2018 financial year.

Small, Medium and Micro-sized Enterprises (SMME) & Co-Operatives Support Co-operatives

During the 2016/17 financial year, the Social Facilitation Unit managed to identify and train on pre-cooperative training and register 33 co-operatives within the district. Various training programmes had to be provided to these groups which included, pre-co-operative training and other business management and administration courses, coordinated in partnership with Small Enterprise Development Agency (SEDA) and International Labour Organization (ILO).

SMME's

In addition to the co-operatives supported above, the agency, also worked with SMME's. These were assisted with putting together business proposals and submitting them to various funding organization for funding support.

Tourism and Investor Attraction

Tourism

In this financial year Enterprise iLembe continued to position and market the region with the aim to increase visitor numbers and spend but also to promote the geographic spread of tourism. Several initiatives were undertaken and these include the following;

- Participation at key consumer and trade exhibitions viz. Star Getaway Show, World Travel Market Africa, World Travel Market London, The Beeld Holiday Expo and Indaba.
- Event Support; Hlomendlini Cultural Festival, iCycle Race, Luthuli Walk, Noble Race
- Service Excellence Campaign – Enterprise iLembe partnered with FabMags on the Best of the Best campaign which serves to recognize businesses & individuals who promote the culture of service excellence in the community.
- Enterprise iLembe published 10000 copies of the North Coast Travel Guide with an additional electronic E-book which is accessible through our websites.
- There are continuous engagements through print and social media platforms and these include; Suid Africa, Ballito Pro Magazine, Mzansi Travel, radio interviews, newspaper articles, Facebook, Twitter, Instagram and websites.
- Grant Thornton was appointed to prepare relevant tourism statistics for the District (1 March 2017 – February 2018). These statistics will be conducted on a quarterly basis and include accommodation surveys as well as intercept surveys. The first quarter report will be ready mid-June 2017.
- Pre-Feasibility Studies concluded for:
 - Ballito Exhibition Centre - KwaDukuza
 - KwaShuShu Hot Springs – Maphumulo
 - Sibudu Caves – Ndwedwe
- A further application has been made to the Department of Economic Development, Tourism and Environmental Affairs (EDTEA) for funding to complete full feasibilities and business plans for Sibudu Caves and KwaShuShu.
- Notification was received from the South African Heritage Resources Agency (SAHRA) of the intention to declare Sibudu Caves as a National Heritage Site. A meeting was held with stakeholders including Ndwedwe and KwaDukuza. A request has been submitted to SAHRA for an extension of the date to comment in order to allow for a more consultative process.
- Nonoti Mass Beach Tourism Resort - The National Department of Tourism through Operation Phakisa have identified the Nonoti Project as a priority project for intervention. All information has been submitted as requested via EDTEA.
- The WowZulu Marketplace was officially launched on 08 June 2017.
- Community Tourism Organization (CTO) - Enterprise iLembe has been assisting the Mandeni Municipality with the process of establishing their CTO. The next meeting will be held in June to establish an interim committee to develop their constitution.
- King Shaka Visitor Centre - EDTEA have approved the application to utilize savings of R57000 in March 2017. This will be used towards water harvesting and repairs to the roof of the centre.

Investor Attraction

- Enterprise iLembe developed an Investor Prospectus for the region with the aim to promote and position iLembe as a destination of choice for business and tourism. The prospectus is available in E-book format on our website; www.enterpriseilembe.co.za
- Quarterly Business Confidence Index surveys were conducted in partnership with the iLembe Chamber of Commerce, Industry & Tourism.
- Enterprise iLembe continued to support the Entrepreneur Competition in partnership with the iLembe Chamber of Commerce, Industry & Tourism.
- Enterprise iLembe continues to engage with both private sector and public sector stakeholders to ensure that the iLembe District is promoted and marketed as an investment destination of choice.

Conclusion

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 are key in Enterprise iLembe implementing its mandate successfully. Once again we say “Thank you” to them.

We also like to thank all our stakeholders including the Departments of co-operative Governance and Traditional Affairs, Education, Agriculture, and Economic Development for all the support given.

The Board of Directors of Enterprise iLembe had 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. This is translated by the 3 consecutive clean audit opinions achieved by the Entity in the prior years.

Organizations are not made up of the structures that form and govern them, but by the people that serve in those organizations, we therefore extend our sincere gratitude to the management team and staff members for their hard work and dedication.



N. NKOMZWAYO
Chief Executive Officer

1.5 | EXECUTIVE SUMMARY

Economic Development Agencies seek to combine community led action with a business approach, and aim to bring about social economic, environmental, regeneration and renewal within communities.

The Global Economic recession and slowdown in business activity is now being felt within the South African (SA) economy and is clearly evident in the Business Confidence Index for iLembe District Municipality where an all-time low was recorded at 45.5 index points during the latter part of 2016.

As the global economic circumstances and the difficult business climate continued to prevail, the challenge of addressing the high unemployment rate and the intensity of poverty in the district became more pressing. Enterprise iLembe has continued to play critical role within the District in addressing the triple challenges of poverty, unemployment, and inequality through the implementation of various programs and projects during the year under review.

Our mandate, as the District Development Agency remains clear:
“Driving economic development through poverty alleviation and sustainable job creation”.

1.6 | STRATEGIC OBJECTIVES AND FUNCTIONS

1.6.1 Agency Mandate

- Develop, review 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;
- Work with local government to facilitate a business enabling environment;
- Implement Business, Retention and Expansion (BR&E) programmes in partnership with local business;
- Build twinning relationships with developed regions nationally and internationally;
- Social Risk Management.

1.6.2 Key Strategic Goals and Objectives

STRATEGIC GOAL 1:

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

Objectives

- Implement and ensure sustainability of existing projects;
- Identify and package new projects in existing sectors; and
- Tap into available programs to create more black industrialists.

STRATEGIC GOAL 2:

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

Objectives:

- To attract interest for new investment to iLembe District;
- To increase visitor numbers to iLembe District; and
- To support new tourism product development and the geographical spread of tourism.

STRATEGIC GOAL 3:

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

Objectives:

- To identify and package projects in new sectors; and
- Tap into available programs to create more black industrialists.

STRATEGIC GOAL 4:

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

Objectives:

- Facilitate Business Retention and Expansion; and
- Support Entrepreneurship Development.

STRATEGIC GOAL 5:

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

Objectives:

- Identify policies and Acts that effect the Agency;
- Research Team; and
- Research that will influence the decision making process.

STRATEGIC GOAL 6:

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

Objectives:

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

1.6.3 Roles and Responsibilities



Figure 2: Four Sector 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, job creation 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 bridge the gap between 1st and 2nd economies through catalytic & high-impact projects.

1.7 | AUDIT COMMITTEE REPORT

Interim Report of the Audit Committee to the Board of iLembe Management Development Enterprise (Pty) Limited for the Year Ending 30 June 2017

The iLembe Management Development Enterprise (Pty) Limited (Enterprise iLembe) Audit Committee hereby presents its interim report to the Board for the year ended 30 June 2017. The legal responsibilities of the Audit Committee are set out in terms of section 166 of the Municipal Finance Management Act, No. 56 of 2003 (MFMA) and section 94 of the Companies Act, No. 71 of 2008.

Audit Committee Members and Attendance at Meetings

The Audit Committee comprised of five (5) independent, external members and is required to meet at least four (4) times per annum as per the Municipal Finance Management Act (MFMA). Additional meetings may be called for as the need arises.

Name	No. of Meetings Attended	18 Aug 2016	11 Nov 2016	16 Feb 2017	27 Jun 2017
Mr D Bosch (Chairperson)	4	√	√	√	√
Ms P D A Mfusi *	1	√	√	√	√
Mr S L Ndlovu	3	√	√	√	√
Mrs S Singh	4	√	√	√	√
Mr S D Mngoma (Deputy Chair)	3	√	√	√	√

Table 3: Summary of Audit Committee Members' Attendance

The Chairperson of the Audit Committee also attended two Board meetings during the year under review.

* Membership terminated December 2016.

Audit Committee Responsibility

The Audit Committee has been set up in accordance with section 166 of the MFMA 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:

• **Reviewed Internal Financial Control and Internal Audits**

The internal audit function was outsourced to SizweNtsalubaGobodo. The internal audit plan for the 2016/17 financial year was presented and approved by the Audit Committee on 25 June 2016. The Audit Committee at each meeting assessed performance against the plan and reviewed the plan to ensure that critical risks of the operations of the Entity and the findings of the Auditor-General are addressed.

The Audit and Performance Audit Committee Charter as well as the Internal Audit Charter were reviewed and accepted.

Internal audit reports were completed as planned and tabled at the Audit Committee meetings. 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 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. Based on information submitted the Audit Committee is satisfied that the key internal controls functioned as intended during the year.

• **Risk Management**

The Audit Committee is responsible for oversight of the internal and external auditors as well as financial reporting. Because the assessment of internal controls over financial reporting is risk-based, the Audit Committee is responsible for overseeing management's risk policies and discussing the key risk exposures with management.

The Entity conducted a risk assessment workshop on 20 May 2016 and the top key risks were identified, measured and prioritized and the updated risk register was adopted on 1 July 2016. The Audit Committee noted the updated risk registers and minutes of the Risk Management Committee and the internal audit function provided independent assurance in relation to the management's assertions surrounding the robustness and effectiveness of risk management. The Audit Committee is satisfied with the risk management process.

• **Review of Financial Statements and Accounting Policies**

The Audit Committee, at each meeting held during the year, reviewed the interim financial statements of Enterprise iLembe, considered the appropriateness, adoption and consistent application of the South African Statement of Generally Recognized Accounting Practices (GRAP). The Audit Committee discussed, provided comments and recommendations to enhance the quality of the annual financial statements. The review of the unaudited Annual Financial Statements (AFS) for 2016/17 was done on 28 August 2017 and inputs were given for management to enhance the quality of the AFS.

• **The Adequacy, Reliability and Accuracy of Financial Reporting and Information**

Information furnished by Internal Audit, the Auditor-General and Management has caused the Audit Committee to believe that the system of internal financial control is effective and formed a basis for the preparation of reliable financial statements. However, systems and processes for other financial and performance reporting and information is not yet fully effective and there is room for improvement to achieve overall clean administration.

- **Performance Management**

The Audit Committee also serves as the Performance Audit Committee and reviewed the quarterly performance reports and the internal audit reports on performance management based on Enterprise iLembe's scorecard.

The Audit Committee is pleased to note that the overall internal and external audit ratings of the effectiveness of internal controls around the performance management system is satisfactory and controls were in place to provide management and the Board with reasonable assurance that risks will not materialize.

The Audit committee did a high-level review of the draft strategic plan and scorecard for 2017/18 and is of the view that the planning phase and monitoring function of the Performance Management System could improve.

The review of the Annual Performance Report was done on 29 August 2017.

- **Effective Governance**

The Audit Committee fulfils an oversight role regarding the reporting process, including the system of internal financial control. It is responsible for ensuring that the internal and external audit function is independent and has the necessary resources, standing and authority within Enterprise iLembe 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 the Chairperson.

The Audit Committee believes that communication, attendance of meetings and knowledge sharing with the Board, the Mayor of iLembe District Municipality and the Municipal Public Accounts Committee could improve.

- **Compliance with Legislation**

The Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations mainly through the reports submitted by management and internal audit. However, management efforts to move to full compliance by means of comprehensive checklists will be monitored on a quarterly basis.

- **Finance Function**

The Audit Committee is satisfied with the expertise and adequacy of resources within the finance function to ensure quality reporting and information.

- **Recommendations**

- The Board and management at all levels should continue with commitment to optimally use scarce resources, cash-flow and sustainability plans and regular monitoring and evaluation to ensure that the Enterprise iLembe continues as a going concern.
- The Board and management need to continuously monitor and review internal controls. The Chief Executive Officer must ensure that there are consequences for non-adherence with internal controls.
- The Chief Executive Officer and management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review by the Board and the Audit Committee.
- The Chief Executive Officer should ensure that recommendations of internal

and external audits are implemented as per the action plans and report progress on a quarterly basis. This should assist to prevent irregular, fruitless and wasteful expenditure as well as non-compliance with laws and regulations.

- The Chief Executive Officer and the Board should explore possible alternative funding for Local Economic Development projects.

• 10. Conclusion

The Audit Committee confirms its commitment to assist the Chief Executive Officer, the Board and Council of the iLembe District Municipality to enhance clean administration and to maintain a clean audit. The Audit Committee also wishes to thank all the internal role-players for its cooperation and support and the teams from internal and external audit for their contributions.



S. NDLOVU
Chairperson



CHAPTER 2
SERVICE DELIVERY AND
PERFORMANCE HIGHLIGHTS

2.1 | KEY SUCCESSES AND CHALLENGES

- Enterprise iLembe received its 3rd consecutive clean audit from the Auditor General;
- The suspension of the National Schools Nutrition Programme in 2016 due to non-payment from the Department of Education impacted on the financial resources of the Entity as well as the many farmers who are reliant on the NSNP Market, this also impacted on the Entity meeting its target of 90% deliveries;
- The iLembe Winery celebrated its third production of the 1787 wine;
- Services Providers appointed at risk to package projects for funding were not able to deliver which impacted on the Entity being unable to package new catalytic projects for investment;
- The first ever quarterly tourism industry research was conducted for the iLembe District in June 2017.

2.2 | PROJECTS UNDERTAKEN

Table 4: Outline of Multi-year Funded Projects

Project Name	Project Description & Status Quo
iLembe Vineyards and Winery Project	<p>Project Budget 16/17: R1 238 085</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.</p> <p>A total of 12 hectares of vines have been planted across Mandeni, Maphumulo and Ndwedwe. Twenty eight (28) tons of grapes have been harvested and fed into the winery. The winery is located at the Collisheen Estate in the Sugar Rush park which is being developed into a tourism precinct.</p> <p>The Winery currently processes and bottles a white cultivar wine from grapes grown by the communities within iLembe District. Options are being explored to get a product to market shortly under the brand 1787; and the most viable is to distil the Villard Blanc in tanks to a spirit. This process is ongoing and are waiting on quotes from Distillers.</p>

iLembe Open Farms

An application is underway to request funding from IDM to assist with funds that are required for the retail space and extensive documents are required for the application which Enterprise iLembe is in the process of compiling.

To ensure that the “1787” wine gets maximum marketing and exposure, ENTERPRISE ILEMBE has received the Distribution License from SARS which allows for the selling of the wine on the Sugar Rush premises as it stands is up to date; this license was recently renewed and is valid until May 2018.

Project Budget 16/17: R2 824 178

The project entails establishing and supporting community-based co-operatives to operationalize sustainable agricultural farms to produce cash crops for both the community’s needs and for sale to the Department of Education’s National School’s Nutrition Programme. This programme has opened up sustainable and reliable markets for the local small-scale farmers. The Department is in need of 64 tons of vegetables such as cabbages; butternut; spinach; carrot and green beans weekly for supply to the National Schools Nutrition programme. Enterprise iLembe supported a total of 20 farms. This supports entails the provision of mechanization, supply of chemicals, fertilizers, seeds and seedlings and technical advice and mentorship to the farmers in the four local municipalities. Though Enterprise iLembe endeavors to establish projects that are not only sustainable but also ensures that there is sufficient skill transfer to enable the farmers to become self-sufficient entrepreneurs. Climatic challenges and financial resources is forcing the Entity to review this programme and find a much sustainable and practical approach of supporting farmers without creating financial dependency and burden on the organization. The planting plan is one such tool that will ensure that the project is self-sufficient.

Agricultural Hydroponic Tunnels**Project Budget 16/17: R 1 744 178**

The agricultural hydroponic tunnels project became a stimulus for agro processing within the District. With the collective establishment of 8 hydroponic tunnels within all four local municipalities (four site) the tunnels tapped into a niche market by growing high value crops for sale in retail stores.

This project was on hold as the project underwent much needed repairs to the existing eight structures. Due to budgetary constraints, Enterprise iLembe can only refurbish one site each financial year. This has meant that one site in Bulwer KwaDukuza, is fully operational once again. Tomato plants have started fruiting and they are still growing well and will be supplied as a commodity to the National School’s Nutrition Programme. Enterprise iLembe has commenced with plans to repair the second site in Mandeni through the appointment of the service provider and is currently busy with the finalizing of the repairs; and the replacement of corrugated iron and doors in the pump station house has been completed. The second service provider was appointed to conduct the electrification of the Mandeni Tunnel which has been completed.

National Schools Nutrition Programme and the Processing Facilities

Project Budget 16/17: R9 055 559

In the past three (3) years, the processing facilities have offered a logistical solution to the National School's Nutrition Programme, by providing a facility where vegetables sourced from the local farms can be cleaned, packaged, stored and dispatched to the 409 schools within the District.

All Agri-Hubs are now fully functional which are located in Mandeni, Maphumulo, Ndwedwe and KwaDukuza

Other challenges experienced in the implementation of this programme include the increase in the costs of running the programme resulting in the need to review the rate/fee at which the programme is being operated. There is not enough produce from local farms to feed into the NSNP, as farmers are apprehensive to plant for the National School's Nutrition Programme; and farmers require technical and financial assistance to produce quality vegetables.

2.3 | CAPITAL USED

Below is a summary of the operating income and expenditure compared with budget for the 2016/2017 financial year.

Table 5: Summary of the Operating Income and Expenditure

REVENUE	Actual 2017 R	Budget 2017 R	Variance 2017 %
Opening Accumulated Surplus	19 552 595	23 607 178	(17%)
Operating income for the year	30 909 169	30 437 013	2%
Total	50 461 764	54 044 091	
EXPENDITURE			
Operating expenditure for the year	31 483 341	30 294 213	4%
Closing accumulated surplus	21 278 015	23 607 178	(10%)
Total	52 761 356	53 901 391	

The negative variance on revenue is due to amounts that were expected to be received during the year and were not. This in particular relates to outstanding invoices from the Department of Education (DOE), as at the end of the financial year.

In the 2016/2017 financial year R13, 1 million was spent on projects. Details set out below.

Table 6: Highlights of Budget Appropriation and Expenditure on Projects

Capital Projects	2016/17				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance %	
LED Projects	3 800 000	3 000 000	2 824 178	(1%)	
Agri Processing	1 200 000	390 000	383 250	(0.5%)	
Tourism	1 200 000	1 100 000	856 044	(19%)	
NSNP	16 774 721	8 387 361	9 055 559	9%	
TOTAL	22 974 721	12 877 361	13 119 031		

2.4 | JOB CREATION AND SKILLS DEVELOPMENT

2.4.1 Unemployment Rate

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 broad based interventions to facilitate local economic development in response to its challenges of high rates of unemployment and correspondingly high levels of poverty.

The district's unemployment rate is 31% in general and 37% amongst the youth (15-35). While unemployment is above the national average, it is below average for KZN. Youth unemployment is substantially lower than both the national and KZN average (with the exception of Maphumulo and Ndwedwe). The majority of employment in iLembe is in the wholesale, retail and trade industry (21%), community services (17%) and manufacturing industry (17%). The majority of employment in Ndwedwe is in agriculture, the majority of employment in Mandeni is in manufacturing while employment in Maphumulo is being sustained by government employment, and employment in KwaDukuza is the most diversified across all sectors.

Demographics

Table 7: Demographic Information

	2011	2016
iLembe	606808	657612
Maphumulo	96724	89969
Mandeni	138078	147808
KwaDukuza	231187	276719
Ndwedwe	140820	143117

Figure 3: Population Statistics

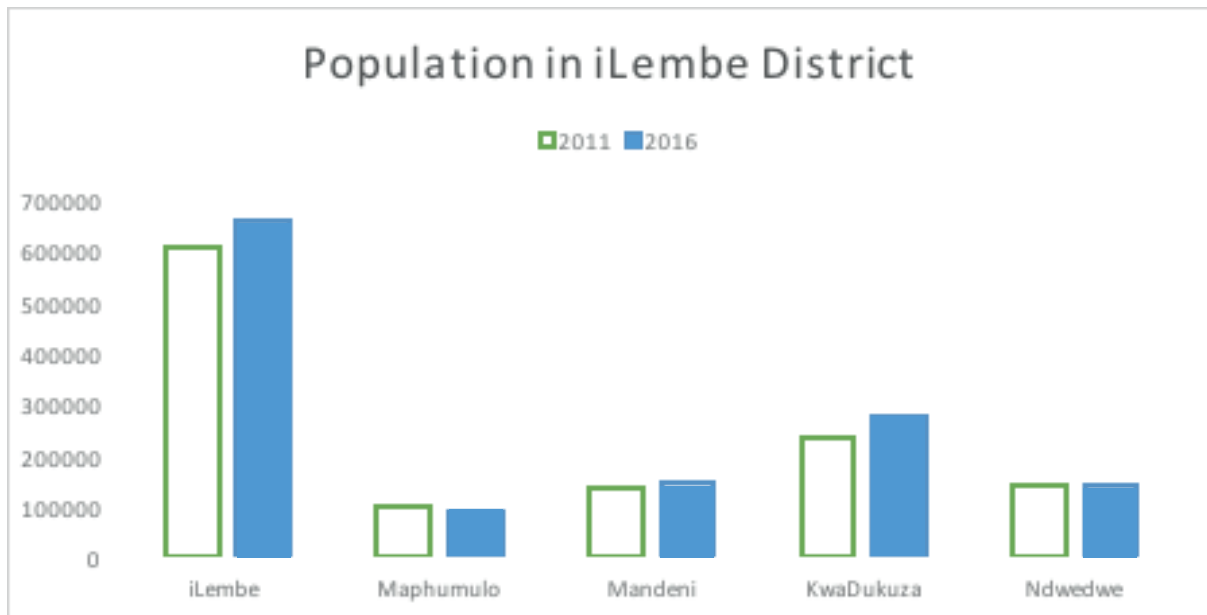


Table 8: Unemployment Ratio

	Unemployment Rate			Youth (15-34) Unemployment Rate		
	2001	2011	% change	2001	2011	% change
iLembe	48.0	30.6	-36%	55.8	37.2	-33%
Maphumulo	75.9	49.0	-35%	83.3	58.4	-30%
Mandeni	45.1	28.6	-37%	51.5	34.6	-33%
KwaDukuza	34.3	25.0	-27%	42.6	30.8	-28%
Ndwedwe	67.8	48.7	-28%	76.4	58.3	-24%

Source: Stats SA

2.4.2 Enterprise iLembe Projects – Jobs Created/Retained

Table 9: List of Jobs Created/Retained by Enterprise iLembe Projects

PROJECT NAME	2016/2017
iLembe Agri-Hubs/ Processing Facility	12
iLembe Vineyards	49
iLembe Open Fields	680
TOTAL	741

2.4.3 Number of new co-operatives registered by Enterprise iLembe

Table 10: List of Co-Operatives Registered by Enterprise iLembe

No.	Name	Date Reg.	Area	Total No. Members	No. Females	No. Males	No. Youth >35 yrs.
1	Unami Poultly	2017/001978/24	Ndwedwe	7	5	0	2
2	Ubumbano Oluhle	2017/001850/24	Kwadukuza	5	0	5	5
3	Usuku Oluhle	2017/001086/24	Kwadukuza	7	6	1	5
4	Kusimama	2017/002474/24	Ndwedwe	10	7	3	0
5	Nhlosehle	2017/002473/24	Ndwedwe	8	8	0	0
6	Izwilethu	2017/002517/24	Ndwedwe	15	9	6	0
7	Sqalile	2017/002389/24	Ndwedwe	11	9	2	0
8	Sizo Precast	2017/002184/24	Ndwedwe	5	2	3	0
9	Phaphamani	2017/002475/24	Ndwedwe	8	4	4	2
10	Bethesda Pourty	2017/002543/24	Ndwedwe	7	7	0	3
11	Ntshawini Memorial	2017/001849/24	Kwadukuza	8	4	4	5
12	Vukuzenzele siyaphambili	2017/003940/24	Kwadukuza	15	15	0	15
13	Matilda	2017/003747/24	Kwadukuza	6	2	4	6
14	Khulandaba	2017/003454/24	Kwadukuza	5	3	2	5
15	Impande Yomnotho	2017/003604/24	Ndwedwe	8	4	4	6
16	Elawini	2017/003852/24	Mandeni	9	4	5	7
17	Thumumlilo	2017/003837/24	Mandeni	5	2	3	4
18	Sizamele	2017/003839/24	Mandeni	5	5	0	5
19	Isulethu Domestic workers	2017/004769/24	Maphumulo	13	13	0	3
20	Hlawukane	2017/004095/24	Kwadukuza	6	3	3	2
21	Kmelekwaziwe communication	2017/004619/24	Kwadukuza	5	1	4	5
22	Impilo Yesizwe Youth Agri	2017/008286/24	Mandeni	7	4	3	3
23	Fukamela Youth Agri	2017/005809/24	Maphumulo	8	4	4	8
24	Zamukuzakha	2016/008005/24	Kwadukuza	5	3	2	5
25	Dumabesabe 16	2016/009816/24	Kwadukuza	9	8	1	2
26	Green Getto	2016/009907/24	Kwadukuza	5	2	3	5
27	Vukukhanye	2016/006632/24	Kwadukuza	11	6	5	3
28	Izethembe	2016/007977/24	Kwadukuza	12	6	6	3
29	Maphumulo Radics	2016/006729/24	Maphumulo	6	6	0	6
30	Sakhifa	2016/008194/24	Kwadukuza	6	4	2	4
31	Iphiliphili	2016/010919/24	Kwadukuza	7	5	2	1
32	Buhlebuyeza	2016/008187/24	Maphumulo	6	5	1	1
33	Abasha	2016/006739/24	Kwadukuza	5	1	4	1
34	Ngubeni Radical	2016/006841/24	Maphumulo	6	5	1	4
35	Umfulongashi	2016/009121/24	Mandeni	7	6	1	1
36	Mthiyane	2016/008506/24	KwaDukuza	5	2	3	4

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 using this performance plan is conducted on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes a portfolio of evidence. The performance management unit of iLembe District Municipality and the internal auditors (appointed by Enterprise iLembe) conduct a review and audit of the reports; this is then followed with coaching sessions held with the Chief Executive Officer of the Entity and the Municipal Manager of the District.

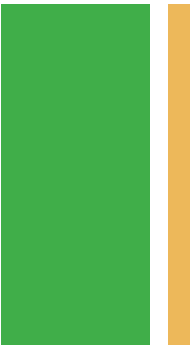
In respect of individual staff members, the Job Descriptions of employees have been reviewed to be in line with the actual tasks and duties being performed by each person. Review sessions are held with each staff member with the respective manager and signed off by the Chief Executive Officer on a quarterly basis. Individual performance plans are aligned to the Entity's SDBIP.

Budget Performance

The total annual budget for 2016/2017 financial year for Enterprise iLembe amounted to R30, 4 million of which R18 million was allocated for projects and R12, 4 million was allocated for operational costs. The Entity relies on the district for funding as well as the payment from DOE for the supply of fresh produce to schools within the district, for the NSNP project. The department pays an average of 0, 56 cents per child per day to run this project.

The National Schools Nutrition Programme (NSNP) was allocated only R9 million due to the programme being suspended by the Board as a result of non-payment by the Department of Education (DOE). The Entity used the entire amount allocated, but there was an amount of R4.2million owing by the department at the end of the financial year.

The Entity spent their total allocation from the district. Overall, the performance of the Entity was satisfactory, as can also be ascertained by studying the annual performance report for the 2016/2017 financial year.



CHAPTER 3
**HUMAN RESOURCES
AND ORGANIZATIONAL
MANAGEMENT**

3.1 | ORGANISATIONAL STRUCTURE

Figure 4: Organizational Structure for Enterprise iLembe

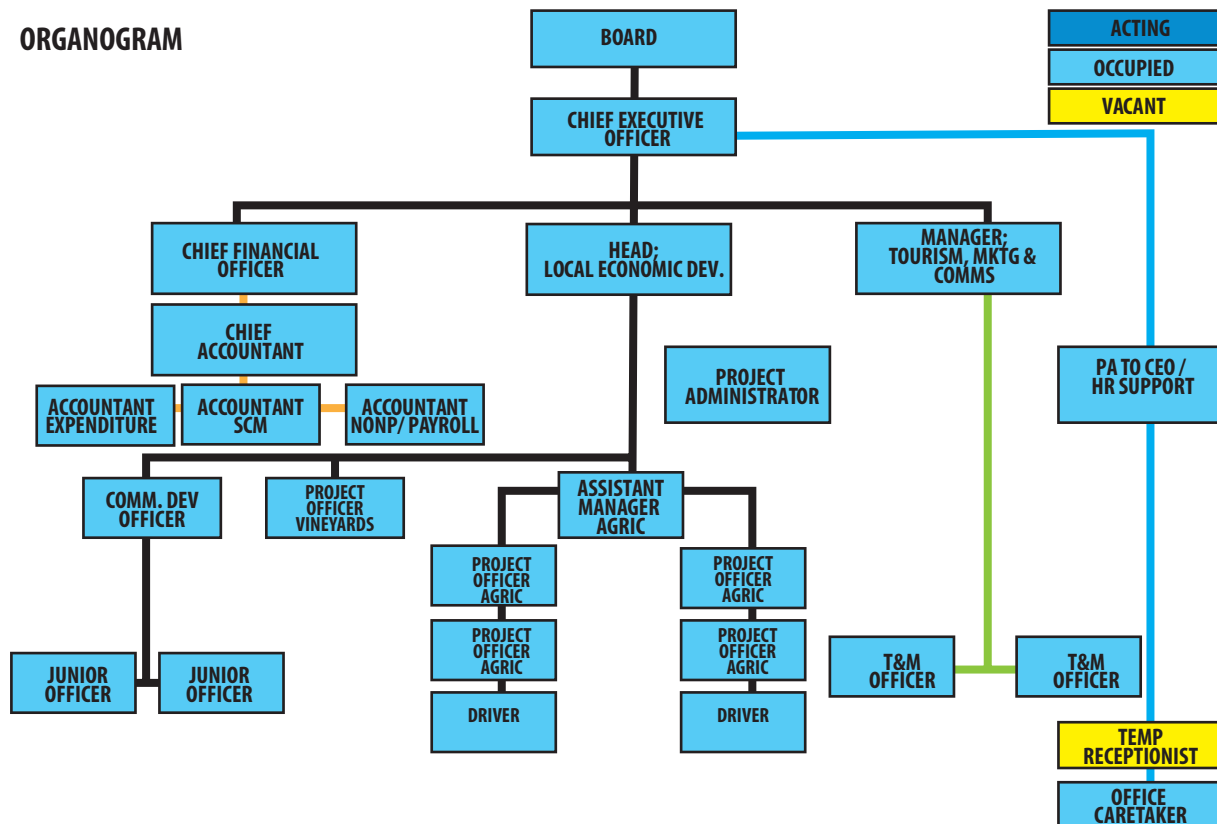


Table 11: New Appointments for the 2016/2017 Financial Year

No	Surname	Job Designation	Start Date
1	Dube Nothando	Receptionist	July 2016
2	Ngcobo Silindile	Community Development Officer	January 2017
3	Mazibuko Fanelesibonge	LED Project Administrator	March 2017
4	Mbelu Thandeka	Junior LED Officer	April 2017
5	Nkomzwayo Nkosinathi	Chief Executive Officer	June 2017

Table 12: Resignations/Retirements in the 2016/2017 Financial Year

No	Surname	Job Designation	Resignation Date
1	Thami Mkhwanazi	CEO	July 2016
2	Eugenia Mbense	Community Development Officer	December 2016
3	Mkhosi Ndlovu	Driver	December 2016
4	Silindile Nd	Junior Community Dev. Officer	January 2017
5	Khwezi Mlobane	LED Administrator	February 2017
6	Lucky Nxumalo	Assistant Manager: Agriculture	June 2017

3.2 | INSTITUTIONAL TRANSFORMATION AND EMPLOYMENT EQUITY

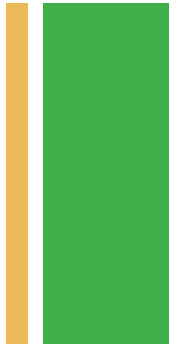
In compliance with the Employment Equity Act, 55/1998, the Enterprise iLembe's Employment Equity Plan has been crafted with the aim to remedy any form of discrimination in the workplace by removing all barriers in the employment policies, practices. Affirmative Action has been defined as the tool to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

Table 13: Employment Equity Ratio

Designation	Number	Male	Female	Black	White	Indian
Board	7	4	3	5	2	-
CEO	1	1	-	1	-	-
CFO	1	-	1	1	-	-
Managers	2	-	2	1	-	1
Total Staff	25	10	15	21	2	2

CHAPTER 4
**AUDITED STATEMENTS AND
RELATED INFORMATION**



4.1 | FINANCIAL STATEMENTS AND RELATED INFORMATION

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
30 JUNE 2017

General Information

Country of Incorporation	South Africa
Legal form of entity	(Pty) Ltd
Nature of business and principal activities	Local Economic Development
Chief Executive Officer	Mr Nkosinathi Nkomzwayo
Chief Financial Officer	Mrs Sinegugu Mthembu
Controlling Entity	iLembe District Municipality
Auditors	Auditor-General of South Africa
Bankers	First National Bank
Postal Address	P O Box 593 Ballito 4420
Physical Address	Sangweni Tourism Centre Cnr. Ballito Drive and Link Road Ballito 4420
Contact No.	032-9461256
Fax No.	032-9463515
Web Address	www.enterpriseilembe.co.za

CHIEF EXECUTIVE OFFICER'S RESPONSIBILITY AND APPROVAL

The audited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

I am responsible for the preparation of the annual financial statements, set out on pages 2 to 38, in terms of the Company's Act No. 71 of 2008 as amended and section 126 (1) of the Municipal Finance Management Act of 2003, which I have signed on behalf of iLembe Management Development Enterprise (Pty) Ltd.



Nkosinathi Nkomzwayo
Chief Executive Officer

31 August 2018

Date

DIRECTOR'S RESPONSIBILITY AND APPROVAL

The directors are required by the Municipal Finance Management Act (Act No. 56 of 2003) and the Companies Act (Act No. 71 of 2008 as amended) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of these statements. The financial statements have been prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

The directors are also responsible for the company's systems of internal financial control. These are developed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately verify and maintain accountability of assets, and not absolute, assurance as to the reliability of the financial statements and to adequately verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the year under review.

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.

To enable the directors to meet these responsibilities, the directors set standards of internal controls aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities with a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity.

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.



Khanyisani Shandu
Chairman of the Board

31 August 2018

Date

DIRECTOR'S REPORT

The following report is submitted in terms of section 30(3) of the Companies Act, 2008, for the year ended 30 June 2017.

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 for the year 30 June 2017.

• Nature of Business

The municipal entity has been formed as a local economic development agency of the Ilembe District Municipality to promote economic growth. The municipal entity was formed in terms of the Municipal Systems Act No. 32 of 2000 and Municipal Finance Management Act No. 56 of 2003.

• Going Concern

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

• Material Agreement

The entity currently has an agreement with the Department of Education (DOE), whereby the entity runs the National Schools Nutrition Program (NSNP) and DOE provides funding for this programme. There is a Service Level Agreement in this regard.

• Financial results of the company

The annual financial statements on pages 2-38 set out fully the financial position and results of operations and cash flows of the entity for the financial year ended 30 June 2017.

• Subsequent Events

The directors are not aware of any matter or circumstance arising since the end of the financial period under review that would impact on the fair presentation of the financial statements presented.

• Share Capital

Issued share capital is 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.

• Directors

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

Name	Details
B N Linda	Contract ended in January 2017
I Deetlefs	Contract ended in January 2017
DN Nene	Appointed November 2015
KS Shandu - Chairperson	Appointed November 2015
ZP Zeka	Contract ended in January 2017
AT Nzama - Deputy Chairperson	Re-appointed February 2017
JJC Oelofse	Re-appointed February 2017
ZS Gumede	Appointed in February 2017
N Mngadi	Appointed in February 2017

Fees for a retainer and attendance at meetings totalling R563 686 (R555 156 in June 2016) were paid during the period under review. **See note 16 of the Annual Financial Statements.

• Economic Entity

As an entity of the iLembe District Municipality, the following are applicable in terms of reporting structures:

- The Municipal Manager of iLembe District Municipality - Ms N Gamede
- The Chair of the Economic Development Portfolio Committee - the Deputy Mayor of iLembe, Cllr D Shandu

• Directors' interest in contracts

The directors sign a declaration of interest every financial year and this has been done for the year under review as well. Where applicable, the directors have declared interest in companies they are part of, but none that are linked to this entity.

• Corporate Governance

Board Meetings

The board has 3 sub committees outside of the board committee. As a board, they are required to meet at least 4 times annually. The schedule below indicates the meetings held and the attendance thereof:

Name	Board Committee	Tourism and Investment	HR and Finance
Number of meetings	5	3	3
Bongani Linda	2	1	1
Ian Deetlefs	1	1	N/A
Cobus Oelose	5	2	3
Thandi Nzama	5	1	1
Zanele Zeka	2	N/A	0
Khanyisani Shandu	5	2	N/A
Dumisile Nene	2	N/A	3
N Mngadi	1	0	0
ZS Gumede	3	1	N/A

NB: N/A indicates that attendance is not applicable as the director is not a member of the committee.

Audit Committee Meetings

The Audit Committee comprised of 5 independent, external members and is required to meet at least 4 times per annum as per the MFMA. Additional meetings may be called for as the need arises. Members' attendance at the meetings is listed below:

Name	Number of Meeting Attended
Mr D Bosch - Chairperson	4
Ms P.D.A Mfusi	1
Mr S.L Ndlovu	3
Mrs S Singh	4
Mr S.D Mngoma - Deputy Chair	3

Ms P.D.A Mfusi's membership terminated in December 2006. The chairperson of the audit committee attended 2 board meetings during the year under review.

STATEMENT OF FINANCIAL POSITION

	Note	2017 R	2016 R
ASSETS			
Current assets		5 786 190	7 012 401
Cash and Cash Equivalents	9	528 989	226 630
Receivables from Exchange Transactions	8	4 909 541	6 785 771
Value Added Taxation	3	347 660	-
Non-current assets		23 974 543	23 632 378
Property, Plant and Equipment	4	23 582 516	22 453 860
Biological Assets	5	390 000	1 174 400
Intangible Assets	6	2 027	4 118
Total Assets		29 760 733	30 644 779
LIABILITIES			
Current liabilities		8 482 719	11 092 187
Payables from Exchange Transactions	1	2 496 564	4 808 430
Unspent Conditional Grants and Receipts	2	5 986 154	5 995 058
Value Added Taxation	3	-	288 699
Total Liabilities		8 482 719	11 092 187
Net Assets		21 278 015	19 552 592
NET ASSETS			
Accumulated Surplus		21 277 915	19 552 492
Issued Share Capital	7	100	100
Total Net Assets		21 278 015	19 552 592

STATEMENT OF FINANCIAL PERFORMANCE

	Note	2017 R	2016 R
REVENUE			
Revenue from exchange transactions			
Interest on investment	11	253 120	168 143
Rental Income	10	72 000	-
Other income	13	9 102 597	18 354 293
Revenue from non-exchange transactions			
Government grants and subsidies	12	21 481 452	25 512 541
Total Revenue		30 909 169	44 034 977
EXPENDITURE			
Employee Related Costs	14	12 065 818	11 350 928
Directors Fees	15	563 686	555 156
Depreciation, Amortization & Impairment	4,5,6	2 451 062	3 813 517
Repairs and Maintenance	16	1 777 242	1 412 517
Contracted Services	17	9 358 623	17 285 555
General Expenses	18	4 463 272	10 178 419
Grant Expenses	19	-	-
Loss on Disposal	22	803 638	408 510
Total Expenditure		31 483 341	45 004 602
SURPLUS/(DEFICIT) FOR THE YEAR		(574 173)	(969 625)

STATEMENT OF CHANGES IN NET ASSETS

	Shares R	Accumulated plus/ R. (Deficit)	Sur- Total Net Assets R
Opening Balance 1 July 2015	100	22 960 467	22 960 567
			-
Surplus for the year	-	(969 625)	(969 625)
Adjustments - Note 26	-	(837 948)	(837 948)
Loss fair value of biological assets	-	(1 600 400)	(1 600 400)
Balance at 30 June 2016	100	19 552 495	19 552 595
Opening Balance 1 July 2016	100	19 552 495	19 552 595
Surplus for the year	-	(574 173)	(574 173)
Adjustments - Note 26	-	2 299 593	2 299 593
Loss fair value of biological assets	-	-	-
Balance at 30 June 2017	100	21 277 915	21 278 015

CASH FLOW STATEMENT

	Note	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts government and other		34 814 597	47 491 660
Cash paid to suppliers and employees		(33 446 816)	(51 952 151)
Cash generated/(utilised) from operations	20	1 367 781	(4 460 491)
Interest received		253 120	168 143
NET CASH FLOWS FROM OPERATING ACTIVITIES		1 620 901	(4 292 348)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4,5,6	(1 318 543)	(335 940)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1 318 543)	(335 940)
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS		302 359	(4 628 288)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		226 630	4 854 918
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	21	528 989	226 630

STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2017

Description	2016/17				Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2017 R	Variance R	
Financial Position					
Current assets:					
Receivables from exchange transactions	1 277 231	1 277 231	4 909 541	3 632 310	284%
Value Added Tax	-	-	347 660	347 660	100%
Cash and Cash Equivalents	1 500 000	1 500 000	528 989	(971 011)	100%
Non-current assets					
Property, plant and equipment	26 335 705	26 335 705	23 582 516	(2 753 189)	-10%
Biological assets	2 774 800	2 774 800	390 000	(2 384 800)	-86%
Intangible assets	8 360	8 360	2 027	(6 333)	-76%
Total Assets	31 896 096	31 896 096	29 760 733	-2 135 363	
Current liabilities:					
Payables from exchange transactions	224 449	224 449	2 496 564	2 272 115	1012%
Unspent conditional grants and receipts	8 064 469	8 064 469	5 986 154	(2 078 315)	-26%
Total Liabilities	8 288 918	8 288 918	8 482 719	193 801	
Net Assets	23 607 178	23 607 178	21 278 015	-2 329 163	
Accumulated surplus	23 607 078	23 607 078	21 277 915	(2 329 163)	-10%
Share capital held by Municipality	100	100	100	-	0%
Total Net Assets	23 607 178	23 607 178	21 278 015	-2 329 163	

The department of Education own the entity R4,2m which was not anticipated when the budget was done.

SARS owed the entity money at the end of the financial year. Entity could not invest money as anticipated due to non payment from DOE and still having to run the NSNP programme. Entity was owed for four months as at 30 June 2017.

Immaterial

The valuation of assets was conducted as at 30 June 2017 and the fair value was lower than the carrying amount and so the loss on fair valuing had to be recognized.

There were no additional licences/software acquired during the financial year.

The entity had a huge creditors account due to non payment from DOE, therefore farmers and transporter invoices had to be accrued at the end of the financial year.

The entity managed to spend on most of its grants and is currently engaging with COGTA to resolve the long outstanding issue of unspent grants.

This is based on the movements during the year as per discussions above

Description	2016/17				Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2017 R	Variance R	
Financial Performance					
Interest on investments	207 269	207 269	253 120	45 851	22%
Government grants and subsidies	25 425 981	21 843 283	21 481 452	(361 831)	-2%
Other income	16 774 721	8 387 361	9 174 597	787 236	9%
Total Revenue	42 407 971	30 437 913	30 909 169	471 256	
Employee Related Costs	10 211 889	12 041 393	12 065 818	24 425	0%
Directors' fees	636 000	636 000	563 686	(72 314)	-11%
Depreciation, Amortization & Impairment	1 355 088	1 112 814	2 451 062	1 338 248	120%
Repairs and maintenance	2 771 865	2 134 906	1 777 242	(357 664)	-17%
General expenses	11 687 803	6 266 268	4 463 272	(1 802 996)	-29%
Contracted services	15 001 076	8 102 832	8 102 832	(8 102 832)	-100%
Loss on Fair Value	-	-	803 638	803 638	100%
Total Expenditure	41 663 721	30 294 213	22 124 718	(8 169 495)	
Surplus/(Deficit)	744 250	143 700	8 784 450	8 640 750	
Statement of changes in net assets					
Balance as at 30 June 2016	23 607 178	23 607 178	19 552 595	(4 054 583)	-17%
Correction Prior Year Period	-	-	2 299 593	2 299 593	100%
Surplus/(Deficit) for the year	(970 000)	(970 000)	(574 173)	395 827	-41%
Balance as at 30 June 2017	22 637 178	22 637 178	21 278 015	(1 359 163)	

Description	2016/17				Comments Explanation of material variances over 10%
	Original Budget R	Adjustment Budget R	Actual outcome June 2017 R	Variance R	
Cash Flows					
Receipts	42 407 971	30 437 913	35 067 717	4 629 804	15% Immaterial
Payments	41 663 721	30 294 213	33 446 816	3 152 603	10% Immaterial
Net cash flows from operating activities	744 250	143 700	1 620 901	1 477 201	1028% The effect of the actual outcomes of the year, which were different than initially anticipated as budget time.
Net cash flows from investing activities	(1 325 000)	(1 313 825)	(1 318 543)	(4 718)	0% Immaterial
Cash/cash equivalents at the beginning of the year	4 854 918	226 630	226 630	-	0% Immaterial
Cash/cash equivalents as at 30 June 2017	4 274 168	-943 495	528 989	1 472 484	

The budget is approved on an accrual basis by nature classification. The approved budgets cover the period 1 July 2016 to 30 June 2017.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1.1 BASIS OF PREPARATION

- **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.

- **BASIS OF MEASUREMENT**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis measurement, unless specified otherwise.

- **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.

- **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.

- **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.

- **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.

- **COMPARATIVE INFORMATION**

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.

- **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.

GRAP 20 Related Party Disclosures - issued June 2011

GRAP 32 Service Concession Arrangements: Grantor - issued August 2013

GRAP 108 Statutory Receivables - issued September 2013

GRAP 109 Accounting by Principals and Agents

GRAP 17 Service Concession Arrangements where a Grantor Controls a significant residual interest in an asset

Management have considered all of the above mentioned GRAP standards approved or issued but not yet effective and anticipates that the adoption of these standards will not have a significant on the financial position, financial performance or cashflows of the entity.

- **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 21 Impairment of Non-cash-generating Assets - effective 01 April 2012

GRAP 23 Revenue from Non-exchange Transactions (Taxes and Transfers) - effective 01 April 2012

GRAP 24 Presentation of Budget Information in the Financial Statements - effective 01 April 2012

GRAP 26 Impairment of Cash-generating Assets - effective 01 April 2012

GRAP 104 Financial Instruments - effective 01 April 2012

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

GRAP 21 - Non-cash-generating assets are assets other than cash-generating assets. When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired. The municipal entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, an entity estimates the recoverable service amount of the asset. The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- Depreciated replacement cost approach
- Restoration cost approach
- Service units approach

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

GRAP 23 - Revenue from non-exchange transactions arises when an entity receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipal entity.

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

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

GRAP 24 - The municipal entity is required to present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts is required to be presented separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipal entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the municipal entity prepares its budget and annual financial statements on a comparable basis, it is required to include the comparison as an additional column in the primary annual financial statements.

Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

GRAP 26 - Cash-generating assets are those assets held by the municipal entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

An entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipal entity estimates the recoverable amount of the asset. When estimating the value in use

of an asset, a municipal entity should estimate the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and a municipal entity should apply the appropriate discount rate to those future cash flows.

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

GRAP 103 - Heritage assets are assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and 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.

A heritage asset is recognised as an asset only if:

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

Heritage assets are recognised at cost unless it is acquired through a non-exchange transaction, in which case it is recognised at its fair value as at the date of acquisition. The municipal entity has a choice between the cost and revaluation model as accounting policy for subsequent measurement and is required to apply the chosen policy to an entire class of heritage assets. Heritage assets are subsequently carried at its cost or revalued amount less accumulated impairment. These assets are not depreciated.

GRAP 104 - The standard prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one entity and a financial liability or residual interest in another entity. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

One of the key considerations in initially recognising financial instruments is the distinction, by the issuers of those instruments, between financial assets, financial liabilities and residual interests.

Financial assets and financial liabilities are distinguished from residual interests because they involve a contractual right or obligation to receive or pay cash or another financial instrument.

Residual interests entitle an entity to a portion of another entity's net assets in the event of liquidation and, to dividends or similar distributions paid at management's discretion.

The standard contains further detailed guidance on the initial recognition, measurement and subsequent measurement of financial instruments and mainly distinguished between those financial instruments carried at fair value and those at amortised cost.

The impact of the application of these standards on the municipal entity's annual financial statements is as follows:

GRAP 21 - No material impact is expected. The requirements of GRAP 21 are similar to the requirements of IAS 36 Impairment of assets and IPSAS 21 Impairment of non cash-generating assets.

GRAP 23 - GRAP 23 contains additional guidance on conditions, restrictions and stipulations which may result in revenue being recognised at a different stage as under GAMAP 9. For conditional grants, a liability will only be recognised if restrictions exist on the use of the resources received and it is required to repay any funds not utilised in accordance with those restrictions, while under GAMAP 9 a liability would be recognised if restrictions existed regardless of the requirement to repay the funds if it is not utilised.

GRAP 24 - Although the municipal entity currently presents budget information in terms of legislation, additional disclosure is required in terms of GRAP 24. The standard will however not impact the measurement of figures presented in the annual financial statements and will only result in additional detail being disclosed in relation to the budget.

GRAP 26 - No material impact is expected. The requirements of GRAP 26 are similar to the requirements of IAS 36 Impairment of assets and IPSAS 21 Impairment of non cash-generating assets.

GRAP 103 - The municipal entity does not own significant heritage assets and the standard is therefore not expected to have a significant impact on assets.

GRAP 104 - The categorisation of financial instruments will be simplified. Certain financial instruments may be reclassified from the IAS 39 categories and measured at amortised cost rather than fair value or vice versa. No material impact is expected on the measurement of financial instruments as the measurement basis of the municipal entity's financial instruments is expected to remain unchanged (ie, at amortised cost and at fair value).

4.1.2 SIGNIFICANT ACCOUNTING POLICIES

The Following significant accounting policies had been applied consistently during the current and previous reporting, as set out in the note 1.2. been applied

PROPERTY, PLANT AND EQUIPMENT

- 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.

- **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.

- **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 7-30 years
- Buildings 30 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.

- **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.

- **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.

4.1.3 BIOLOGICAL ASSETS

- **INITIAL 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.

- **SUBSEQUENT MEASUREMENT**

Subsequent to initial recognition, biological assets are measured at fair value less estimated cost to sell.

- **DERECOGNITION**

Biological assets are derecognized when they are impaired. An independent expert valuer will evaluate the assets to get the fair value at the of the financial year. The report from the valuer is then used to adjust the fixed asset register. The gains or losses are recognized in accumulated surplus or deficit.

4.1.4 INTANGIBLE ASSETS

- **INITIAL RECOGNITION**

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

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.

- **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.

- **AMORTISATION AND IMPAIRMENT**

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.

- **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.

4.1.5 HERITAGE ASSETS

- **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 flow 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.

- **SUBSEQUENT MEASUREMENT - COST MODEL**

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

- **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.

- **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.

4.1.6 INVESTMENT PROPERTY

- **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.

- **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.

4.1.7 INVENTORIES

- **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.

- **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 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.

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.

4.1.8 FINANCIAL INSTRUMENTS

- **INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value. The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when the entity becomes a party to the contractual provisions of this instrument.

- **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.

- **INVESTMENTS**

Included cash and cash equivalents under financial instruments not 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.

- **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.

- **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.

- **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.

4.1.9 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.

4.1.10 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.

4.1.11 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.

4.1.12 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.

4.1.13 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.

4.1.14 LEASES

- **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.

Initial Recognition

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.

Measurement

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 Recognition

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.

- **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.

4.1.15 REVENUE

- **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.

Recognition

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.

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.

Measurement

Monetary arising out of a contractual agreement, such as cash and receivables are initially measured at fair value on acquisition date.

- **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.

- **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.

4.1.16 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.

4.1.17 INCOME TAX

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

4.1.18 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.

4.1.19 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.

4.1.20 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.

4.1.21 IMPAIRMENT OF ASSETS

- **Recognition**

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.

- **Measurement**

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.

Reversal of Impairment

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 has 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017 R	2016 R
1. PAYABLES FROM EXCHANGE TRANSACTIONS		
Payables from exchange transaction	1 088 736	3 207 166
Staff leave (Provision)	829 088	554 077
Other creditors	578 740	1 047 187
Total Creditors	2 496 564	4 808 430
2. UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Amacambini Dev Project Ex DCGTA	757 666	757 666
Maphumulo Small Town Rehabilitation	85 965	85 965
Moringa Tree Plantation	2 400 001	2 400 001
Tourism King Shaka Root	57 000	57 000
Fresh Produce Market	278 049	278 049
IDC Projects Grant	-	15 835
Agri Processing Grant	1 296 709	1 679 958
Tourism Grant	501 254	286 896
LED Grant	199 999	24 177
LED Strategy	335 182	335 182
Growth Summit	74 330	74 330
Total Conditional Grants and Receipts	5 986 154	5 995 058

Amacambini Dev Project, Maphumulo Small Town Rehabilitation, Moringa Tree Plantation, Fresh Produce Market, LED Strategy as well as the Growth Summit Grants - all these grants were received from COGTA. The entity is currently engaging COGTA to authorize the use of these grants (they were used for other purposes other than those intended by COGTA). COGTA agreed to grant authorization subject to the amendment of the original business plans to accommodate the expenditure as well as the transfer of assets, as per the conditions of grants. As at the end of the financial year, the entity had submitted the revised business plans and was awaiting confirmation of meeting from the HOD:COGTA to discuss the transfer of assets. The entity anticipates closing the matter during the 2017/2018 financial year.

3. VALUE ADDED TAXATION		
3.1 VAT Payables	<u>-</u>	<u>288 699</u>
3.2 VAT Receivable	<u>347 660</u>	<u>-</u>

As at the end of the financial year, SARS owed the entity.

4. PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value 2016/2017	Buildings R	Agricultural Assets	Furniture and Equipment R	Computer Equipment R	Total R
Carrying Values at 1 July 2016	117 010	16 638 932	261 737	5 436 181	22 453 860
Cost	155 517	24 475 905	527 420	5 637 521	30 796 364
Accumulated depreciation	(38 508)	(7 836 973)	(265 683)	(201 340)	(8 342 504)
Prior Year Depreciation and Impairment Correction	-	2 278 323	-	-	2 278 323
Acquisitions	818 811	303 836	103 956	91 940	1 318 543
Impairment Cost	-	(1 333 212)	-	-	(1 333 212)
Write Offs at Book Value	-	19 238	-	-	19 238
Cost	-	46 347	-	-	46 347
Accumulated Depreciation	-	(27 110)	-	-	(27 110)
Depreciation	(6 684)	(980 142)	(65 390)	(63 543)	(1 115 759)
Carrying Values at 30 June 2017	929 137	16 888 499	300 302	5 464 578	23 582 516
Cost	974 328	24 733 393	631 376	5 729 461	32 068 559
Accumulated depreciation	(45 192)	(7 844 894)	(331 073)	(264 883)	(8 486 042)

Included in the carrying value are assets under construction as follows:

R

1. Buildings - Construction was done during the 2016/2017 financial year, as at year end, the agency was awaiting the occupational certificate from KwaDukuza Municipality. This amount will be capitalized when the certificate has been received, during the 2017/2018 financial year.

818 811

2. Biodiesel Equipment - The equipment was bought between the 2010/2011 and the 2011/2012 financial years as part of the biodiesel project funded by the department of COGTA, where the idea was to produce diesel using the moringa plant. The plant dried out during the drought season that affected the district and was subsequently wrote off during the 2015/2016 financial year. The agency has made a submission to COGTA requesting the project to be written off and the equipment channeled to a new project under Biomass.

5 777 329

3. Broadband - The broadband project is also a project that happened between the 2010/11 and 2011/12 financial years, whereby the ICT infrastructure was installed. (incl. fiber optic cables). The total cost of rolling out this project was estimated to be about R400m, funding which has not materialized as yet.

5 221 181

11 817 321

Reconciliation of Carrying Value 2015/2016	Buildings R	PPE Agriculture	Furniture and Equipment R	Computer Equipment R	Total R
Carrying Values at 1 July 2015	69 677	20 692 103	221 556	5 352 369	26 335 705
Cost	90 556	25 488 385	471 512	5 500 127	31 550 580
Accumulated depreciation	(20 879)	(4 796 282)	(249 956)	(147 758)	(5 214 875)
Acquisitions	64 961	9 800	123 785	137 394	335 940
Write Offs at Book Value	-	380 750	27 761	-	408 511
Cost	-	1 022 280	67 877	-	1 090 157
Accumulated Depreciation	-	(641 530)	(40 116)	-	(681 646)
Depreciation	(17 629)	(1 232 205)	(55 843)	(53 582)	(1 359 259)
Impairment Loss	-	(2 450 016)	-	-	(2 450 016)
Carrying Values at 30 June 2016	117 010	16 638 932	261 737	5 436 181	22 453 860
Cost	155 517	24 475 905	527 420	5 637 521	30 796 364
Accumulated depreciation	(38 508)	(7 836 973)	(265 683)	(201 340)	(8 342 504)

5. BIOLOGICAL ASSETS**Reconciliation of Carrying Value 2016/2017****Carrying Values at 1 July 2016**Cost
Loss on Fair Value

Acquisitions

Loss on Fair value

Carrying Values at 30 June 2017Cost
Loss on Fair Value

Moringa Plantation R	Vineyards R	Total R
-	1 174 400	1 174 400
1 064 800	1 710 000	2 774 800
(1 064 800)	(535 600)	(1 600 400)
-	-	-
-	(784 400)	(784 400)
-	-	390 000
1 064 800	1 710 000	2 774 800
(1 064 800)	(1 320 000)	(2 384 800)

Reconciliation of Carrying Value 2015/2016**Carrying Values at 1 July 2015**Cost
Loss on Fair Value

Acquisitions

Loss on Fair value

Carrying Values at 30 June 2016Cost
Loss on Fair Value

Moringa Plantation R	Vineyards R	Total R
1 064 800	1 710 000	2 774 800
1 064 800	1 710 000	2 774 800
-	-	-
-	-	-
(1 064 800)	(535 600)	(1 600 400)
-	1 174 400	1 174 400
1 064 800	1 710 000	2 774 800
(1 064 800)	(535 600)	(1 600 400)

6. INTANGIBLE ASSETS**Reconciliation of Carrying Value 2016/2017****Carrying Values at 1 July 2016**Cost
Accumulated Amortization

Acquisitions

Amortization

Carrying Values at 30 June 2017Cost
Accumulated Amortization

Software R	Total R
4 118	4 118
28 816	28 816
(24 698)	(24 698)
-	-
(2 091)	(2 091)
2 027	2 027
28 816	28 816
(26 789)	(26 789)

Reconciliation of Carrying Value 2015/2016**Carrying Values at 1 July 2015**Cost
Accumulated Amortization

Acquisitions

Amortization

Carrying Values at 30 June 2016Cost
Accumulated Amortization

Software R	Total R
8 360	8 360
28 816	28 816
(20 456)	(20 456)
-	-
(4 242)	(4 242)
4 118	4 118
28 816	28 816
(24 698)	(24 698)

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 R	2016 R
7. ISSUED SHARE CAPITAL		
Name of company		
Ilembe District Municipality		
Carrying amount	100	100
% Holding	100%	100%
Ordinary Shares: 100 @ R1 each		
8. RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Other debtors		
Ilembe District Municipality	526 779	1 058 797
Njinji and Bozini	72 000	-
S Koyi	-	10 228
Deposits: Coastal Farmers	20 000	20 000
Eskom	6 350	6 350
Warne House	12 920	12 920
	638 049	1 108 294
Provincial Department of Education	4 271 492	5 677 477
Total Receivables from exchange transactions	<u>4 909 541</u>	<u>6 785 771</u>
<p>The amount of R526,779 owed by iLembe District Municipality relates to the outstanding balance of the amount the agency had to pay on behalf of IDM when they were cash strapped.</p>		
9. CASH AND CASH EQUIVALENTS		
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	205 218	205 998
Cash book balance at the end of the year	<u>205 218</u>	<u>205 218</u>
Bank statement balance at the beginning of the year	205 218	205 998
Bank statement balance at the end of the year	<u>205 218</u>	<u>205 218</u>
<p>The entity is currently in the process of closing the Rocabex account and closing the account since it is dormant</p>		
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 year	20 187	2 011 709
Cash book balance at the end of the year	<u>308 223</u>	<u>20 187</u>
Bank statement balance at the beginning of the year	20 187	2 011 707
Bank statement balance at the end of the year	<u>308 223</u>	<u>20 187</u>
First National Bank Account - Stanger Branch		
<i>First National Bank Account -</i>		
<i>Account Number 62347809272: Call Account</i>		
Cash book balance at the beginning of the year	-	-
Cash book balance at the end of the year	<u>6 563</u>	-
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>6 563</u>	-
Current Investment	6 563	-
Rocabex - Trust Bank Account	205 218	205 218
First National Bank Account - Main Bank Account	308 223	20 187
Petty cash and cash on hand	344	1 225
Credit Card	8 640	-
	<u>522 425</u>	<u>226 630</u>
	<u>528 989</u>	<u>226 630</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 R	2016 R
10. RENTAL INCOME OF FACILITIES		
Rental of Bulwer Tunnels	72 000	-
	<u>72 000</u>	<u>-</u>
Rental amount refers to the lease of Bulwer Farm Tunnels by Njinji and Bozini. The entity signed a two year agreement with the company in November 2016.		
11. INTEREST ON INVESTMENTS		
Bank	253 120	168 143
	<u>253 120</u>	<u>168 143</u>
12. GOVERNMENT GRANTS AND SUBSIDIES Ilembe District Municipality - LED		
Ilembe District Municipality - Tourism	2 824 178	2 343 702
Agri Processing Facilities	856 044	1 330 645
Projects Ex IDC	383 250	530 200
Operational Ex IDM	-	3 100 000
Growth summit	17 417 980	18 133 521
Total Government Grant and Subsidies	<u>21 481 452</u>	<u>25 512 541</u>
12.1 Grant Local Economic Development Strategy Ex COGTA		
Balance unspent at beginning of year	335 182	335 182
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>335 182</u>	<u>335 182</u>
12.2 Grant Agri Processing Facilities Ex COGTA		
Balance unspent at the beginning of the year	1 679 959	2 210 159
Transferred to revenue - no further conditions to be met Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>(383 250)</u>	<u>(530 200)</u>
	<u>1 296 709</u>	<u>1 679 959</u>
12.3 Grant Ilembe District Municipality - LED		
Balance unspent at the beginning of the year	24 177	267 879
Current year receipts	3 000 000	2 100 000
Conditions met - transferred to revenue	<u>(2 824 178)</u>	<u>(2 343 702)</u>
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>199 999</u>	<u>24 177</u>
12.4 Grant Ilembe District Municipality - Tourism		
Balance unspent at the beginning of the year	286 895	444 426
Current year receipts	1 070 403	1 200 000
Transferred to revenue - no further conditions to be met Adjustments and Transfers	<u>(856 044)</u>	<u>(1 330 645)</u>
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>-</u>	<u>(26 886)</u>
	<u>501 254</u>	<u>286 895</u>
12.5 Grant Disaster Management		
Balance unspent at the beginning of the year	-	55 317
Adjustments and Transfers	-	(55 317)
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>-</u>	<u>-</u>
12.6 Grant Amacambini Dev Project Ex DCGTA		
Balance unspent at the beginning of the year	757 666	757 666
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>757 666</u>	<u>757 666</u>
12.7 Grant Integrated Craft Hub		
Balance unspent at the beginning of the year	-	3 115
Adjustments and Transfers	-	(3 115)
Conditions still to be met-transferred to liabilities (refer to Note 2)	<u>-</u>	<u>-</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 R	2016 R
12. GOVERNMENT GRANTS AND SUBSIDIES (Continued) 12.8		
<i>Grant Nonoti Beach Resort Business Plan</i>		
Balance unspent at the beginning of the year	-	49 123
Adjustments and Transfers	-	(49 123)
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	-
<i>12.9 Grant Maphumulo Small Town Regeneration</i>		
Balance unspent at the beginning of the year	85 965	85 965
Conditions still to be met-transferred to liabilities (refer to Note 2)	85 965	85 965
<i>12.10 Grant Moringa Tree Plantation</i>		
Balance unspent at the beginning of the year	2 400 001	2 400 001
Conditions still to be met-transferred to liabilities (refer to Note 2)	2 400 001	2 400 001
<i>12.11 Grant Siza Water Concession</i>		
Balance unspent at the beginning of the year	-	243 322
Adjustments and Transfers	-	(243 322)
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	-
<i>12.12 Fresh Produce Market</i>		
Balance unspent at the beginning of the year	-	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	278 049	278 049
<i>12.13 Projects Ex IDC</i>		
Balance unspent at the beginning of the year	-	-
Adjustments and Transfers	15 835	3 115 835
Conditions met - transferred to revenue	(15 835)	-
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	(3 100 000)
	-	15 835
<i>12.14 Growth Summit</i>		
Balance unspent at the beginning of the year	-	-
Conditions met - transferred to revenue	74 330	148 804
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	(74 474)
	74 330	74 330
<i>12.15 Tourism King Shaka Route</i>		
Balance unspent at the beginning of the year	-	-
Adjustments and Transfers	57 000	30 114
Conditions still to be met-transferred to liabilities (refer to Note 2)	-	26 886
	57 000	57 000
<i>12.17 Unconditional IDM Grant</i>		
Balance unspent at the beginning of the year	-	1 860 425
Current year receipts	17 417 981	16 273 096
Conditions met - transferred to revenue	(17 417 981)	(18 133 521)
	-	-
13. OTHER INCOME		
Included in other income is the following: -		
Department of Education	9 055 559	17 334 090
Other income	47 038	1 020 203
	9 102 597	18 354 293

The Department of Education (DOE) amount relates to the contract between DOE and the Entity for the supply of vegetables to schools within iLembe District. The huge variance between the last financial year and current financial year is due to a decision taken by the Board to suspend the programme due to DOE not paying outstanding invoices. The programme resumed in January 2017 for the last six months of the financial when the issues had been resolved.

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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	2017 R	2016 R
14. EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	10 163 230	8 742 832
Agri Processing Wages	383 250	530 200
Vineyard Wages	1 238 085	1 431 346
UIF	44 034	40 718
Leave pay	54 597	65 782
Car and other allowances	182 622	540 050
	<u>12 065 818</u>	<u>11 350 928</u>
Included in the employee related costs are the following:		
<i>Remuneration of the Chief Executive Officer</i>		
Acting Allowance - C Rajkoomar (Aug to Jan 2017)	335 501	-
Acting Allowance - T Ngcobo (Feb to May 2017)	211 754	-
CEO (T Mkhwanazi - resigned July 2016)	314 188	1 369 305
CEO (N Nkomzwayo - appointed June 2017)	120 955	-
Total	<u>982 398</u>	<u>1 369 305</u>
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration	903 120	852 000
Car and Other Allowances	75 260	71 000
Total	<u>978 380</u>	<u>923 000</u>
<i>Remuneration of the Head: LED</i>		
Annual Remuneration	657 546	577 800
Car and other allowances	214 182	256 800
Total	<u>871 728</u>	<u>834 600</u>
<i>Remuneration of the Manager: Tourism, Market and Communication</i>		
Annual Remuneration	605 681	571 397
Car and other allowances	224 985	212 250
Total	<u>830 666</u>	<u>783 647</u>
15. REMUNERATION OF BOARD MEMBERS		
Remuneration includes a retainer and attendance fees at meetings:		
B N Linda (Contract ended January 2017)	61 854	103 463
I Deetlefs (Contract ended January 2017)	46 505	93 437
Z S Gumede (Appointed - February 2017)	37 258	-
N Mngadi (Appointed - February 2017)	28 258	-
ZP Zeka (Contract ended January 2017)	37 161	62 420
AT Nzama (Re-appointed February 2017)	84 768	87 437
C Oelofse (Re-appointed February 2017)	95 763	102 437
K S Shandu (Appointed November 2015)	85 431	47 613
DP Nene (Appointed November 2015)	86 687	58 347
Total Board Members' Remuneration	<u>563 686</u>	<u>555 156</u>
There is currently a vacancy for one board member.		
16. REPAIRS AND MAINTENANCE		
Plant and equipment	260 693	144 700
Mandeni/KwaDukuza Tunnel repairs	1 516 549	1 267 817
	<u>1 777 242</u>	<u>1 412 517</u>
17. CONTRACTED SERVICES		
Rental of premises	166 291	119 713
Security	411 353	300 961
Lease of Vehicles	678 383	763 313
Leases- Office equipment	48 650	-
National Schools Nutrition Programme	8 053 947	16 101 567
	<u>9 358 623</u>	<u>17 285 555</u>
The huge variance between financial years is due to the NSNP programme being suspended by the board due to non-payment from the Department of Education. The project only resumed in January 2017 and was operational for the six months of the financial year.		

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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	2017 R	2016 R
18. GENERAL EXPENSES		
Included in general expenses is the following: -		
Advertising		
External Audit Fees	198 716	132 642
Subscriptions/Licences	513 541	497 138
Bank Charges	110 716	206 048
Entertainment/Refreshments	25 405	30 960
Consulting and Professional Fees	54 385	55 159
Mechanization	420 465	355 854
Board Expenses	642 172	1 075 885
Equipment Hire	10 826	41 571
Subsistence and Travel	-	32 548
Conference and workshop	213 044	355 018
Office Expenses	19 463	83 881
Telephone and Fax	13 667	-
Interest and Penalties	183 472	143 392
Training	95 130	122 700
Bad Debts	-	3 940
Cleaning Services	30 329	17 372
Tourism events and exhibitions	856 044	1 250 645
Marketing and communication	281 997	248 030
Printing and stationary	100 689	118 059
Water and Electricity	117 306	68 649
Internal Audit Service	473 282	415 291
ICT Services	102 623	260 382
Broadband expenditure	-	4 600 000
	4 463 272	10 178 419
19. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
19.1 Unauthorised expenditure		
Over expenditure on operating budget non cash item:		
Asset Impairment	-	3 813 517
Condoned by the Board	-	(3 813 517)
	-	-
19.2 Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balances-		
Fruitless and wasteful expenditure current year	-	63 255
Fruitless and wasteful expenditure written off	-	(63 255)
	-	-
19.3 Irregular expenditure		
Reconciliation of irregular expenditure:		
Opening balance	-	-
Irregular expenditure for the current year:	27 665	-
Awards to employees of the State	-	-
Submitted to Board for consideration and condoned	27 665	-
Transfer to receivables for recovery - not condoned		
The irregular expenditure relates to the suppliers in the service of the state, that was picked up during the verification exercise conducted by AG. As this was done during the audit process, this was not taken to the board as the information was not available at the time. This will be tabled to the board during the 2017/2018 financial year.		
19.4 Deviations		
Deviations were approved in terms of Section 34 of the Supply Chain Management Policy:		
Total Value	38 163	1 348 288
Total Number of Cases	3	4

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2017 R	2016 R
20. CASH GENERATED/(UTILISED) BY OPERATIONS		
Surplus for the year	(574 173)	(969 625)
Adjustment for: -		
Amortisation: Intangible assets	2 091	
Previous years operating transactions	(21 516)	(429 440)
Depreciation: Property, Plant and equipment	1 115 759	3 813 517
Impairment	1 333 212	-
Loss on disposal of property, plant and equipment	19 238	-
Loss on fair valuing assets	784 400	-
Investment income	(253 120)	(168 143)
Operating surplus before working capital changes:	<u>2 405 891</u>	<u>2 246 309</u>
Decrease in other Receivables	1 919 019	12 360 616
Decrease in unspent conditional grants	(8 904)	(6 290 322)
Decrease in Payables	(2 311 866)	1 771 709
Decrease in VAT payable	(288 699)	(14 548 803)
Increase in VAT receivable	(347 660)	-
Other Assets/Liabilities	-	-
Cash generated/(utilised) by operations	<u><u>1 367 781</u></u>	<u><u>(4 460 491)</u></u>
21. CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Investments	6 563	-
Bank balances and cash	522 425	226 630
Total cash and cash equivalents at the end of the year	<u><u>528 989</u></u>	<u><u>226 630</u></u>
22. LOSS ON DISPOSAL/FAIR VALUING OF ASSETS		
Loss on disposal of assets	19 238	-
Loss on fair valuing of assets	784 400	408 510
	<u><u>803 638</u></u>	<u><u>408 510</u></u>
<p>The loss relates to the valuation of biological assets which were fair valued at a lower cost than currently recorded as carrying amount as well as the loss of disposal of assets which came about as a result of the conditions assessment undertaken as at 30 June 2017.</p>		
23. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
23.1 Audit fees		
Current year audit fee	513 541	497 138
Amount paid - current year	(513 541)	(497 138)
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>-</u></u>
23.2 PAYE and UIF		
Opening balance	130 783	-
Current year payroll deductions	2 639 801	1 906 870
Amount paid - current year	(2 770 584)	(1 776 087)
Balance unpaid (included in creditors)	<u><u>-</u></u>	<u><u>130 783</u></u>
24. CAPITAL COMMITMENTS		
<p>There were no commitments in respect of capital expenditure in the current financial year.</p>		
25. CONTINGENT LIABILITIES		
<p>During the 2015/16 financial year it was established that the entity may be liable to pay Mancefeza Trading in respect of services rendered. The service provider was appointed as part of the panel of service providers for the transportation of vegetables with regards to the NSNP project. A misrepresentation of facts was picked up whereby the supplier is not declare relations with one of the entity employees. This case is currently being handled by EI lawyers and they have informed the entity that they have not heard anything from Mancefeza's lawyers.</p>		
	<u><u>22 644</u></u>	<u><u>22 644</u></u>

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2017 R	2016 R
26. ADJUSTMENTS RELATING TO PRIOR YEAR		
Prior period creditors	(34 118)	
This relates to the clearing of old creditor entries relating to prior years, which were not cleared, in particular, the credit card transactions where amounts raised differed from amounts deducted due to timing difference.		
Interest charged by SARS	440	
This relates to amounts raised by SARS to accounts already accounted for due to adjustments done.		
Lease of machinery amounts	12 162	
amounts transferred from current year lease payments, which related to prior year		
Prior year depreciation and impairment reversals/adjustments	(2 278 077)	
The amount relates to the journals that had to be done due to the conditions assessment and unbundling exercise done as at the end of the financial year, which resulted in reversals and recalculation in relation to impairment and depreciation for the prior year		
Prior year adjustments	<u>(2 299 593)</u>	<u>(837 948)</u>
27. EVENTS AFTER THE REPORTING DATE		
No events after the reporting date that could affect the presentation of the annual financial statements have been identified.		
28. RELATED PARTIES		
Parent Municipality: Ilembe District Municipality.		
Ilembe District Municipality is the sole shareholder of the entity.		
Related party balances		
Accounts owing by related party:		
Ilembe District Municipality	526 779	1 268 537
Receivable	526 779	1 268 537
Payable	-	-
	<u>526 779</u>	<u>1 268 537</u>
Grant income paid to Enterprise Ilembe:		
Administration Grant	17 417 980	18 133 521
LED Grant	3 000 000	2 100 000
Tourism Grant	1 070 403	1 200 000
	<u>21 488 383</u>	<u>21 433 521</u>
29. OPERATING LEASES		
The future minimum lease payments payable under operating leases for the actual liability are as follows:		
No later than 1 year	48 650	12 162
Later than 1 year and no later than 5 years	81 083	196 477
	<u>129 733</u>	<u>208 640</u>
The entity rented office space at Warne house during the 2015/16 financial year, of which the lease terminated in January 2017. During the 2015/16 the entity also entered into a lease agreement for machinery which is for the periods 01 March 2016 to 28 February 2019.		
30. TRANSFER OF AGRICULTURAL PROJECTS		
The process of transferring the following agricultural assets presently disclosed as PPE Agriculture, Biological Assets and Projects Under Construction will commence in the 2017/2018 financial year:		
Biodiesel	5 777 329	5 777 329
North Coast Vineyards	390 000	1 174 400
Agri Processing Facilities	11 111 170	11 924 407
	<u>17 278 499</u>	<u>18 876 136</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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	2017 R	2016 R
<p>The ownership model was developed and could not be implemented due to financial constraints the entity had and could not get additional funding from the District Municipality. This will assist with transferring ownership of the assets to communities as per the initial plan.</p> <p>A provision has however been made on the 2017/2018 financial year and has been approved by the Entity Board as well as the Council of the District.</p> <p>The entity has entered into a lease agreement with Njinji and Bozini who run the Bulwer Farm Tunnels at a rental fee. They currently operate the tunnel and are responsible for the payment of wages to the tunnel workers allocated to that tunnel. This contract expires in October 2018.</p> <p>The other tunnels are currently being repaired to get them properly functioning and these are being done in phases due to financial constraints.</p>		
31. GOING CONCERN		
<p>The financial statements for the period ended 30 June 2017 have been prepared on a going concern basis.</p> <p>The issue of unspent grants from COGTA is still pending. COGTA has in principle agreed to grant authorization subject to the amendment of the original business plans to accommodate the expenditure as well as the transfer of assets, as per the conditions of grants. As at the end of the financial year, the agency had submitted the revised business plans and was awaiting confirmation of meeting from the HOD:COGTA to discuss the transfer of assets. The entity anticipates closing the matter during the 2017/2018 financial year. The agency has also realized a loss as per the financial performance as a result of impairment that had to be disclosed. Apart from these issues, the agency does not foresee anything that will hamper it operating in the future.</p>		
32. RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES		
32.1 Interest Rate Analysis		
<p>The risk that the entity will not receive the maximum interest benefits from investments.</p>		
Financial Assets:		
External Investments:		
Current Investments	6 563	-
Bank balances and cash	522 425	226 630
	<u>528 989</u>	<u>226 630</u>
Interest earned external investments	<u>253 120</u>	<u>168 143</u>
Interest rate	<u>47,8%</u>	<u>74,2%</u>
Outstanding Debtors:		
Other debtors	598 779	1 058 797
	<u>598 779</u>	<u>1 058 797</u>
Interest earned on outstanding debtors	<u>0,0%</u>	<u>0,0%</u>
Interest rate	<u>0,0%</u>	<u>0,0%</u>
32.2 Credit Risk		
<p>The risk that debtors will not pay the entity on time.</p>		
Receivables:		
Other debtors	4 271 492	5 677 477
	<u>4 271 492</u>	<u>5 677 477</u>
Ageing of consumer debtors:		
Current	4 271 490	1 625 246
31-60 days	-	-
>60 days	-	4 052 231
Less: Provision for bad debts	-	-
Net Consumer Debtors	<u>4 271 490</u>	<u>5 677 477</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

	2017 R	2016 R
32.3 Liquidity Risk		
The risk that the entity will not be able to settle its obligations when they are due.		
Debt (Long term liabilities)	-	-
Equity (Net Assets)	21 278 015	19 552 592
Net Debt to Equity Ratio	-	-

33. SUBSEQUENT EVENTS

There have been no subsequent events from 1 July 2017 to the date of issuing of these financial statements, other than those disclosed herein.

34. RESTATEMENT OF COMPARATIVE INFORMATION

Statement of Financial Performance:

The items listed below have been reclassified from general expenses to contracted services due to the nature of expenditure as it relates to the payment of contracted transporters for the supply of vegetables to the schools within the district. The fuel amount is also part of the contracted services for the lease of vehicles:

Contracted Services

- National Schools Nutrition Programme
- Fuel and Oil

8 217 023
223 365

General Expenses

- National Schools Nutrition Programme
- Fuel and Oil

16 101 567
223 772

The items listed below have been reclassified from general expenses to employee related costs due to the fact that this item is solely used to pay for employees who work at the vineyards:

General Expenses

- Vineyard Workers

1 431 346

Employee Related Costs

- Vineyard Workers

1 238 085

The items listed below have been reclassified from grant expenses, in line with the requirements of GRAP 1 as follows:

Grant Expenses

- LED Projects
- Tourism
- Growth Summit
- IDC
- Agri Processing Facility

-
2 343 702
1 330 645
74 474
3 100 000
530 200

Employee Related Costs

- Agri Processing Facility

383 250

Repairs and Maintenance

- Tunnel Repairs

1 516 549

General Expenses

- Mechanization
- Tourism events and exhibitions

642 172
856 044

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

	Cost / Revaluation			Accumulated Depreciation			Carrying Value				
	Opening Balance	Additions	Write Offs / Revaluations	Transfers	Prior Year Adjustments	Closing Balance		Opening Balance	Additions	Impairment loss/ Reversal of impairment loss/Transfers	Closing Balance
	R	R	R	R	R	R	R	R	R	R	R
Agricultural Assets	24 475 905	303 836	46 347	-	-	24 826 088	7 836 973	980 142	(918 002)	7 899 114	16 888 499
Buildings	155 517	818 811	-	-	-	974 328	38 508	6 684	-	45 192	929 137
Biological Assets	2 774 800	-	-	-	-	2 774 800	1 600 400	-	784 400	2 384 800	390 000
Furniture and Equipment	527 420	103 956	-	-	-	631 376	265 683	65 390	-	331 073	300 302
Computers Equipment	5 637 521	91 940	-	-	-	5 729 461	201 340	63 543	-	264 883	5 464 578
Intangibles	28 816	-	-	-	-	28 816	24 698	2 091	-	26 789	2 027
	33 599 979	1 318 543	46 347	-	-	34 964 869	9 967 602	1 117 850	(133 602)	10 951 850	23 974 543

UNAUDITED SUPPLEMENTARY APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

2016 Actual Revenue R	2016 Actual Expenditure R	2016 (Surplus)/ Deficit R	2017 Actual Revenue R	2017 Actual Expenditure R	2017 (Surplus)/ Deficit R
44 034 977	45 004 602	(969 625)	30 909 169	31 483 341	(574 173)
44 034 977	45 004 602	(969 625)	30 909 169	31 483 341	(574 173)
					(Surplus) for the year
					(Surplus) for the year

UNAUDITED SUPPLEMENTARY APPENDIX C(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)

Description	2016/17 Original Budget	Budget Adjustments	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Variance %	Explanation of significant Final Budget Variance greater than 10% versus
	R	R	R	R	%		
Financial Performance							
Interest on investment	207 269	207 269	253 120	45 851	122%	22%	Interest received was more than the budgeted amount. Interest is dependant on financial institutions and how long funds are invested for, which fluctuates.
Government grants and subsidies	25 425 981	21 843 283	21 481 452	(361 831)	91%	-2%	Immaterial
Other Income	16 774 721	8 387 361	9 174 597	787 236	73%	6%	Immaterial
Total Revenue (excluding capital transfers & contributions)	42 407 971	30 437 913	30 909 169	471 256	85%	1%	
Employee related costs	10 211 889	12 041 393	12 065 818	24 425	108%	0%	Immaterial
Directors Fees	636 000	636 000	563 686	(72 314)	89%	-11%	Finalization of board appointments was only done in March 2017 and the Board did not sit for some time.
Depreciation	1 355 088	1 112 814	2 451 062	1 338 248	199%	108%	Impairment due to conditions assessment done for the 2016/17 financial year.
Repairs and Maintenance	2 771 865	2 134 906	1 777 242	(357 664)	72%	-15%	The repair of the Mandeni Tunnels took longer than anticipated and the balance of the work will be completed in the 2017/18 financial year.
Contracted Services	15 001 076	8 102 832	-	(8 102 832)	100%	-70%	Immaterial
Loss on disposal of assets	-	-	803 638	803 638	0%	0%	
Total Expenditure	41 663 721	30 294 213	22 124 718	(66 663)	61%	0%	
Surplus/(Deficit)	744 250	143 700	8 784 450	8 340 475	0%	0%	
Capital expenditure & funds sources							
Internally generated funds	1 325 000	1 313 825	1 318 543	4 718	0%	0%	Immaterial
Total sources of capital funds	1 325 000	1 313 825	1 318 543	4 718	0%	0%	

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

	Actual 2017	Budget 2017	Variance 2017	% Variance 2017
	R	R	R	%
REVENUE				
Rental Income	72 000	-	72 000	0%
Interest on investment	253 120	207 269	45 851	0%
Government grants and subsidies	21 481 452	21 843 283	(361 831)	-2%
Other income	9 102 597	8 387 361	715 236	9%
Total Revenue	30 909 169	30 437 913	471 256	
EXPENDITURE				
Organisational development	31 483 341	30 294 213	1 189 128	4%
Total Expenditure	31 483 341	30 294 213	1 189 128	
NET SURPLUS FOR THE YEAR	(574 173)	143 700	(717 873)	

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

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD UNAUDITED SUPPLEMENTARY APPENDIX C(3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2017

	2017 Actual R	2017 Budget R	2017 Variance R	2017 Variance %	Explanation of Significant Variances
Administration	1 014 707	1 001 225	13 482	1%	Immaterial
PPE Agriculture	303 836	312 600	(8 764)	-3%	Immaterial
Biological Assets	-	-	-	100%	
Projects Under Construction	-	-	-	100%	
	1 318 543	1 313 825	4 718	0%	

UNAUDITED SUPPLEMENTARY APPENDIX D : GRANTS AND SUBSIDIES RECEIVED - 2016/2017

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

Name of Grants	Unspent Balance 2015/2016	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent Balance 2015/2016	Withheld/ Delayed	Compliance With Grant Conditions DORA
		July 16 to Sept 16	Oct 16 to Dec 16	Jan 17 to Mar 17	April 17 to June 17		July 16 to Sept 16	Oct 16 to Dec 16	Jan 17 to Mar 17	April 17 to June 17				
Agri Processing Facilities Ex DCGTA	1 679 958					-	118 650	88 200	117 600	58 800	383 250	1 296 708	NO	YES
LED Strategy Ex DCGTA	335 182					-					-	335 182	NO	YES
Amacambini Dev Project Ex DCGTA	757 666					-					-	757 666	NO	YES
Maphumulo Small Town Rehabilitation	85 965					-					-	85 965	NO	YES
Moringa Tree Plantation	2 400 001					-					-	2 400 001	NO	YES
Ilembe District Municipality - LED	24 177	1 546 416	1 237 133	216 450	2 999 999	77 360	988 436	271 833	1 486 549	2 824 178	199 998		NO	YES
Ilembe District Municipality - Tourism	286 896	565 832	452 667	51 902	1 070 401	440 930	-	363 397	51 717	856 044	501 253		NO	YES
Fresh Produce Market Broadband Project Ex DCGTA	278 049					-					-	278 049	NO	YES
Tourism King Shaka Route Ilembe Winery Projects Ex IDC	57 000					-					-	57 000	NO	YES
	15 835	(15 835)			(15 835)								NO	YES
Growth Smmit	74 330											74 330	NO	YES
	5 995 058	2 096 413	1 689 800	268 352	4 054 565	636 941	1 076 636	752 830	1 597 066	4 063 473	5 986 155			

Unspent grants at 30 June 2016 **5 995 058**

Unspent grants at 30 June 2017 **5 986 155**

REPORT OF THE AUDITOR GENERAL

Report of the Auditor General to the KwaZulu-Natal Provincial Legislature and the Council on iLembe Management Development Enterprise (Pty) Ltd

Report on Audit Financial Statements

Opinion

1. I have audited the financial statements of the iLembe Management Development Enterprise (Pty) Ltd set out on pages 35 to 41 which comprise, the statement of financial position as at 30 June 2017, statement of financial performance, statement of changes in net assets and statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iLembe.

3. Management Development Enterprise (Pty) Ltd as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP), the requirements of the 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).

Basis for opinion

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

6. I am independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

Material uncertainty relating to financial sustainability

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

9. I draw attention to note 31 in the financial statements, which indicates that the Entity incurred a net loss of R574 173 during the year ended 30 June 2017 and, as of that date, the Entity's current liabilities exceeded the current assets by R2, 66 million. As stated in note 31, these events or conditions, along with other matters as set out in note 2, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern.

Emphasis of Matters

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

11. As disclosed in note 4 to the financial statements, a material impairment to the amount of R1, 3 million was incurred relating to property plant and equipment for the agriculture assets.

Other Matters

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

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

Responsibilities of the Accounting Officer for the Financial Statements

14. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA, and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

15. In preparing of the financial statements, the accounting officer is responsible for assessing the iLembe Management Development Enterprise (Pty) Ltd's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the intention is to liquidate the Entity or cease operations, or there is no realistic alternative but to do so

Introduction and Scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the Entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the social economic development and planning development priority on page x to x presented in the annual performance report of the Entity for the year ended 30 June 2017.

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

20. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected development priority.

Other matters

21. I draw attention to the matter below.

Achievement of planned targets

22. The annual performance report on page 90 to Page 115 includes information on the achievement of planned targets for the year and explanations provided for the over achievement of a significant number of targets.

Report on the audit of compliance on legislation**Introduction and scope**

23. In accordance with the Public Audit Act (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the Entity with specific matters in key legislation. I performed procedures to identify findings but_ not to gather evidence to express assurance.

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

Other information

25. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the foreword by the chairman and the chief executive officer, the audit committee's report and the company secretary's certificate as required by the Companies Act, 2008 (Act No. 71 of 2008). The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in the auditor's report.

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

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

28. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. I have nothing to report in this regard.

Internal Control Deficiencies

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

30. I did not identify any significant internal control deficiencies for the Entity.

Other Reports

31. I draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the Entity's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

32. An independent consultant investigated an allegation of possible gross misconduct by an employee at the request of the Entity, which covered the period 2016-17. The investigation was concluded on 19 June 2017 and resulted in disciplinary action against the employee.

Pietermaritzburg
30 November 2017

Auditor-General



AUDITOR-GENERAL

ANNEXURE AUDITOR GENERAL RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional skepticism throughout my audit of the separate financial statements, and the procedures performed on reported performance information for selected development priority and on the Entity's compliance with respect to the selected subject matters.

Financial Statements

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

- identify and assess the risks of material misstatement of the separate financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes accounting authority.
- conclude on the appropriateness of the board of directors, which constitutes the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

iLembe Management Development Enterprise (Pty) Ltd's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause an Entity to cease continuing as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

4.3 | CHIEF FINANCIAL OFFICER'S REPORT

4.3.1 Introduction

iLembe Management Development Enterprise (Pty) Ltd, trading as Enterprise iLembe, as an Entity of iLembe District Municipality (IDM), relies heavily on the operational grant that it receives from the district in order to run the daily operations. As such, it is notable that even with the limited resources the Entity has, the year ended 30 June 2017, has been a productive one, but of course not without challenges. The Entity has managed to fulfil its objective and the main reason for its existence, which is the provision of the Local Economic Development within the iLembe District, this through a number of sectors where impact has been made. The financial resources available have been stretched in a way that has allowed the Entity to function in a productive manner.

The funding sources currently available for the Entity includes allocations from IDM, an allocation from the Department of Education (DOE) for the running of the National Schools Nutrition Programme (NSNP) and small amounts earned as interest from amounts invested periodically.

During the 2016/17 financial year, the Entity had two of its tunnels repaired and signed a lease agreement with an Entity who was going to run the tunnel on behalf of the Entity plus take over the monthly payroll for the people employed at this tunnel. This was going to allow the Entity to derive, even if in a small scale, a bit of revenue, however the rental amounts were never paid by the company due to a number of challenges they cited. The Entity has communicated with this Entity and letters demanding payment have been issued. The Entity is exploring other avenues for revenue enhancement so as to ensure the financial sustainability of the Entity.

Following is the summary of the financial position and performance of the Entity.

4.3.2 Operating Results

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

	REVENUE 2017 R	Actual Budget R	Variance %
Opening accumulated surplus	19 552 592	23 607 178	(17%)
Operating income for the year	30 909 169	30 437 913	2%
Total	50 461 761	54 081 091	
EXPENDITURE			
Operating expenditure for the year	30 696 875	30 294 213	1%
Closing accumulated surplus	21 278 015	22 637 178	6%
Total	51 974 890	52 931 391	

The variance for the 2016/2017 financial year are immaterial, the Entity received its budgeted revenue as anticipated and the expenditure was within the budgeted amount.

An amount of R23 480 588 was spent on projects during the 2016/17 financial year as follows:

Project	2016/17 R
LED Projects including Open Fields	2 824 178
Tourism	856 044
Agri-Processing Facility	383 250
National Schools Nutrition Programme (NSNP)	9 055 559
TOTAL	13 119 031

One of the challenges that Enterprise iLembe faced during the 2016/17 financial year was the timing of the receipt of grants from IDM, which were not received at stipulated times during the year, as well as DOE not paying (the same thing happened during the last financial year) the balance of invoices for the last three months of the financial year. The allocation from IDM was also cut by R2, 3m during the adjustments budget process, which meant the Entity had to cut down on budgeted expenditure by the same amount.

During the last financial year, 2015/2016, the board of directors of the Entity had to suspend the National Schools Nutrition Programme (NSNP) due to the Department of Education (DOE) not paying the Entity outstanding amounts of R5, 6m. As a result of this, the Entity only resumed the supply of fruits and vegetables to schools in January 2017, hence the drop in the NSNP revenue and expenditure as opposed to the previous financial years.

During the current financial year, DOE again owed the Entity an amount of R4, 2m. The Entity continued with the NSNP project which involves paying suppliers for the produce procured from them as well as the Durban Fresh Produce Market and transporters who are contracted to deliver the vegetables to the schools. This had such a negative impact on the cash flow

of the Entity, as invoices equivalent to four months were not paid by DOE by the end of the financial year. The Entity ended up having a huge balance of creditors due to the invoices that had to be accrued for payment during the 2016/17 financial year.

As at the end of the financial year, the Entity still hadn't signed a new SLA with DOE, as it was operating on a month to month basis, as per the communication from the department.

4.3.3 Unspent Conditional Grants

The following amounts with regards to conditional grants were unspent as at 30 June 2017:

Grant	Unspent Grant June 2017 R
Grant Amacambini Dev Project Ex DCGTA	757 666
Moringa Tree Plantation	2 400 000
Tourism King Shaka Route	57 000
Maphumulo Small Town Rehabilitation	85 965
Fresh Produce Market	278 049
Agri Processing Facility	1 296 709
Tourism Grant	501 254
Growth Summit	74 330
LED Strategy	335 182
LED Agriculture Grant	199 999
TOTAL	5 986 154

The larger amounts of unspent grants relate to COGTA grants of which issues have still not been resolved between the Entity and COGTA. However, a meeting took place between the department of COGTA, IDM and the Entity which yielded positive results as the department was open to the possibilities of approving the expenditure of these funds subject to the amendment of the original business plans (which the Entity did and submitted) as well as the transfer of these assets to communities as per the project plans. The Entity still awaits confirmation of meeting with the HOD: COGTA in this regards.

4.3.4 Accumulated Surplus

The accumulated surplus as at 30 June 2017 was R21 278 015.

4.3.5 Cash and Cash Equivalents

As at 30 June 2017 the cash and cash equivalents held by Enterprise iLembe were as follows:

Details	R
Cash at bank	522 425
Current Investments	6 563
TOTAL	528 989

Non-receipt of amounts owing by DOE, as alluded above, has negatively impacted on the cash and cash equivalent balances at year end. This has impacted on the number of day's cash on hand as well as the debt coverage ratios, as at the end of June 2017. These amounts, however, will be received during the 2017/18 financial year.

4.3.6 Expression of Appreciation

A successful year is never a one man's victory, but a collective effort from all other stakeholders involved in the running of the Entity.

It is in this spirit that I would like to extend a heart-felt appreciation to the Chairman of the Board, the Board Members, the audit committee, the heads of departments within the Entity, the finance staff and the rest of staff within the Entity for their support and assistance. Special appreciation is also given to the Office of the Auditor-General for their support and assistance in resolving issues that arise during our interactions.

I would also like to extend my appreciation to our shareholder, iLembe District Municipality, for their continued support and working together with us to fulfil our mandate as Enterprise iLembe.



S. MTHEMBU
Chief Financial Officer

AUDIT ACTION PLAN AS AT 19 JANUARY 2018

AG FINDINGS									
No.	Audit Finding	Rating	Unit	Internal Control Deficiency	Actions	Assigned To	Date of Action	Action to Date	% Complete
1		M	Finance	Possible conflicts of interest with suppliers must be determined before awarding tenders or accepting quotations.	<p>1.1 Entity to encourage prospective service providers to make correct and honest declarations by highlighting the importance of this at tender briefing meetings and as well as the use of the declaration forms.</p> <p>1.2 Letters will be sent to all suppliers identified as being in service of the state and due action will be taken.</p> <p>1.3. As per our mandate, ENTERPRISE ILEMBE procures vegetables from farmers within the iLembe District (when available) to supply to schools for the NSNP. The agency will look into amending its SCM Policy to accommodate this as no tender processes are followed in the procurement of vegetables.</p>	SCM	Ongoing per transaction	<p>It is compulsory for all bidders to complete MBD 4- Declaration Of Interest Forms for all tenders. CSD Reports are also being generated on a transactional basis to ascertain whether suppliers are government employees or not.</p> <p>Letters were sent out - defaulting suppliers placed on hold on the system.</p> <p>Discussions have been held with the office of the Auditor-General in this regard and further consultations will be made with Provincial Treasury and other related parties in order to amend the SCM policy.</p>	100%

No.	Audit Finding	Rating	Unit	Internal Control Deficiency	Actions	Assigned To	Date of Action	Action to Date	% Complete
1	Material uncertainty relating to financial stability (with reference to the net loss of R574 173 incurred in 16/17 and COGTA unspent grants not being cash-backed)	H	CFO	Inadequate daily and monthly controls for this process	1.1 Management is in the process of engagement with CoGTA to write off the unspent grants.	CFO	Ongoing until a decision is made by the funder	In progress. A meeting was held in July 2017 between the ENTERPRISE ILEMBE CEO, CFO, HOD: LED, IDM and re2atives from CoGTA, including the Acting HOD where it was noted that there are differing records within the COGTA departments. It was decided that one individual within the department will reconcile all their records. In the meanwhile, the Acting HOD requested that the Entity implements the ownership models for project assets and amends the original business plans to include project salaries which was done and submitted to the funder. A meeting was scheduled for 30 October 2017 with the funder to discuss the way forward. However, this did not take place. The meeting was subsequently rescheduled and took place on 29 November 2017. The ENTERPRISE ILEMBE CEO and HOD: LED met with the Chief Director: LED from COGTA, Mrs Barbara Mgutshini and resubmitted all documents requested from the funder as well as the revised business plans for the Biodiesel Assets. Mrs Mgutshini indicated that COGTA would send the agency a letter acknowledging receipt of the documents	85%

2	Material Impairment of R1.3 million was incurred relating to PPE for agriculture assets	H	CFO	The material impairment of tunnels was identified during a conditional assessment that was conducted at year-end. Conditional assessments of infrastructure assets are required once a year.	1.2 The net loss relates to the impairment of tunnels which occurred as a result of the conditional assessment conducted at year-end. The net loss will be transferred to accumulated surplus during the budget process.	CFO/ HOD: LED	30-Jun-18	The net loss has been transferred to accumulated surplus and no losses are foreseeable in the 2018/19 budget.	95%
				2.1 To conduct repairs to the tunnels to ensure they are operational.			30-Jun-18	A service provider has been appointed to repair the Maphumulo Tunnels. The repairs are anticipated to be completed by April 2018.	30%

CHAPTER 5
**FUNCTIONAL SERVICE
DELIVERY AND 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; and
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; and
- Abattoirs.

The SLA will be reviewed in the 2017/2018 financial year.

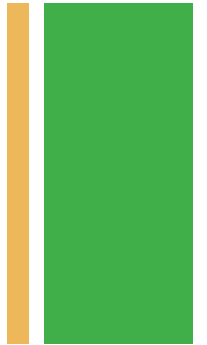
Reporting

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 Intergovernmental (IGR) structures, regular meetings are held between the Board of Enterprise iLembe and principals of the District. The CEO and management of the Entity participate and report into the following structures:

- o iLembe District Management Committee Meetings (MANCO);
- o Economic Development Portfolio Committee; and
- o Inter-governmental Forums.

The Shareholder; iLembe District Municipality also has ex-officio representation on the Board of Enterprise iLembe.

CHAPTER 6
ANNUAL PERFORMANCE
REPORTING



6.1 | INTRODUCTION

In terms of section 93B of the Municipal Systems Act, the parent municipality must ensure that the performance objectives and indicators for the municipal Entity are established by agreement with the Entity and included in the municipal Entity's multi-year business plan in accordance with section 87 (5) (d) of the MFMA. It is for this reason that the report for the Enterprise iLembe has been included in the annual performance report.



6.2 | ORGANIZATIONAL SCORECARD

ANNUAL REPORT TEMPLATE

Service Delivery Budget Implementation Plan (SDBIP) 2016/2017

NATIONAL HPAS	IDP REF No.	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL 2015/2016	ANNUAL TARGET 2016/2017	BUDGET	4TH QUARTER END JUNE 2017	4TH QUARTER END JUNE 2017	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE / RECTIFY MEASURE	PMS COMMENTS	PMS EVIDENCE REF NUMBER	EVIDENCE	PERFORMANCE SYMBOLS	WEIGHTINGS	PORTFOLIO REPORT REQUIRED
SOCIAL ECONOMIC DEVELOPMENT & PLANNING	SE001	To support job creation and economic development in the District	Facilitate and ensure sustainability of projects	Supporting the Strategic Plan Implementation	Percentage of projects sourced from local LEMBE farms on a quarterly basis	Percentage	37%	65% (was 56%) by 30 June 2016	65% (was 56%) by 30 June 2017	R 500,000	55% (was 55%)	35%	There was no progress available for local farmers to meet the demand	Invest in Agricultural Infrastructure and Services are being funded to invest in their agricultural	Phase 1 (SDBIP) activities are not clear as a result we could not confirm submissions.	1	Y	H	H	Business plan for every farmer included on farmers on database
	SE005	To create an ICT platform available to everyone	To identify and package new projects in existing sectors	Open Fields	a) Number of small scale farmers introduced by the Entity b) Number of small scale farmers introduced by the District	Number	31 New Measure b) 43	31 New Measure b) 43	31 New Measure b) 43	R 1,700,000	31 New Measure b) 43	31 New Measure b) 43	Minimum sites was scheduled for 2017, due to the electrical load and consultation fee.	Competition to begin beginning of Aug 2017		3	Y	M	M	Site visit reports for every farmer visited/Service provision reports
	SE003	To increase Manufacturing output in the District	To identify and package new projects in existing sectors	Lembe Broadband/ICT	Co-operative Development	Number of new co-operatives registered	Number	30	30	Salaries	Salaries	11-May-17	Salaries for funding of the Broadband Matter Plan by			4	Y	M	M	Progress reports
						Number of SMEs including co-operatives trained on business management skills	Number	36	37 (was 22)	Salaries	Salaries	91	Phase provides reasons for exceeding target. Following the workshop at LEM,...			5	Y	M	M	Confirmation of Co-Op Registration
						Number of co-ops and co-ops that have been identified as high potential	Number	92	93 (was 15)	Salaries	Salaries	30	Service providers were appointed at risk to assist with the identification and business plans were being submitted to Merga and Broadband and poultry			6	Y	M	M	Attendance Registers
						Number of LED Sub Forum groups interested per annum	Number	4	4	Salaries	Salaries	7	There has been delays in finalised MOU between EIDB and Dubai Trade Port			7	Y	M	M	Copy of landing documents in meetings with Business plan
	SE006	To improve Manufacturing output in the District	To identify and package new projects in existing sectors	Entrepreneurship	Entrepreneurship	Number of LED Sub Forum groups interested per annum	Number	4	4	Salaries	Salaries	7	There has been delays in finalised MOU between EIDB and Dubai Trade Port			8	Y	M	M	minutes of meetings with Business plan
	SE003	To increase Manufacturing output in the District	To attract investment in the District	Entrepreneurship	Entrepreneurship	Number of LED Sub Forum groups interested per annum	Number	4	4	Salaries	Salaries	7	There has been delays in finalised MOU between EIDB and Dubai Trade Port			9	Y	M	M	minutes of meetings with Business plan
	SE002	To capitalize on the tourism potential in the District	To increase visitor numbers to the Lembe District	Tourism Marketing & Promotions	Tourism Marketing & Promotions	Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 60,000	R 60,000	1 (was 2)	Phase provides reasons for exceeding target. Additional meetings held by...			10	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			11	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			12	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			13	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			14	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			15	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			16	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			17	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			18	Y	M	M	Actual Intelligence Register
						Number of Official Tourism Travel Guides for 2017/2018	Number	4 (C)	4 (C)	R 140,000	R 140,000	3	Phase provides reasons for exceeding target. Invitations received from...			19	Y	M	M	Actual Intelligence Register

Enterprise Ilembe Annual Report 2016/17

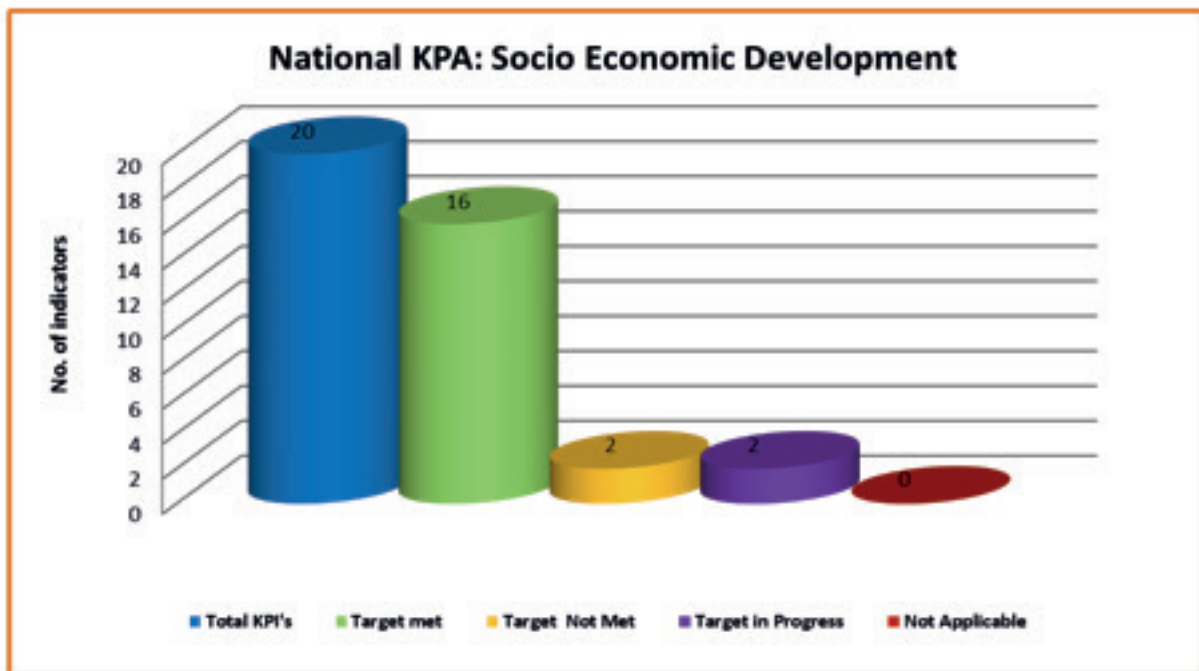
NATIONAL KP AS	IDP OBJECTIVE	DEPARTMENTAL OBJECTIVE	KEY PERFORMANCE AREA	KEY PERFORMANCE INDICATOR	UNIT OF MEASURE	BASELINE	ANNUAL TARGET 2015/2016	ANNUAL TARGET 2016/2017	4TH QUARTER END JUNE 2017	REASON FOR VARIANCE / COMMENTS	MEASURES TAKEN TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURE	PMS COMMENTS	PMS EVIDENCE REFERENCE NUMBER	EVIDENCE	PERFORMANCE SYMBOLS	WEIGHTINGS	PORTFOLIO RISK LEVELS REQUIRED
INSTITUTIONAL DEVELOPMENT	ED010	To improve the capacity of the District's health service	Employee Training	Percentage of training budget spent	Percentage	63%	83%	95%	98%	The 3% variance is deemed as savings		20	Y	●	M	a) Expenditure on training b) Minutes of Board meeting c) Minutes of HR meeting d) Minutes of program reviews e) Minutes of showing vacant posts	
	ED009	To have an updated, approved and functional component of the Agency (Organogram)	Will resource management capacity (Organogram)	a) Reviewed organogram by Date & on board by deadline b) Organogram reviewed and filed on the organogram	Percentage	100%	100%	100%	100%	The Organogram was submitted to the Board on 12 June 2017. The review was deferred back to the HR Sub-Committee. The HR Sub-Committee was held on 18 July 2017.		21	Y	●●●	M	a) Minutes of Board meeting b) Minutes of HR meeting c) Minutes of program reviews	
	FV010	To achieve a clean audit opinion	Conducting with MFMA and Okin Administration	a) Clean audit opinion by the AG for 2015/2016 b) No repeat findings	a) Date of AG opinion b) Number	New Measure	100%	87%	87%	The 13% variance relates to urgent grants - which will be amended. Urgent grants, which is the process of being resolved, COGTA has in principle approved the expenditure subject to the business plans being amended and the 8% variance is deemed as savings	With the District currently playing the urgency on time, the situation is being managed. Urgent grants - which will be amended Urgent grants, which is the process of being resolved, COGTA has in principle approved the expenditure subject to the business plans being amended and the 8% variance is deemed as savings		22	Y	●●●	M	a) Minutes of Board meeting b) Minutes of HR meeting c) Minutes of program reviews
FINANCIAL VIABILITY & MANAGEMENT	FV003	To ensure sound expenditure management procedures	Expenditure Management	Expenditure monitoring	Percentage of operational expenditure	64%	100%	94%	94%	The 6% variance is deemed as savings		24	Y	●	M	Actual expenditure breakdown for reporting period	
	FV006	To procure quality services in a cost effective, transparent, competitive, and management principles	Contract Management	Management of contracts	Number of Signed Quantity of service provided by Contract Management	Number	4	4	4			25	Y	●	M	Actual Reports	
	FV001	To ensure sound and effective financial management principles	Cost Coverage	Cost Coverage	Cost Coverage ratio (All available cash + investments/monthly fixed investments) / monthly fixed investments	Ratio	0.09 : 1.0	1.0 : 1.0	0.15:1	The cost coverage is less than 1.0. The ratio was improved by DOE from April to June 2017		26	Y	●	M	Proof of Ratio Calculation	
	GC007	To ensure that the entity administration is governed by sound financial management principles	Budget & compliance monitoring	Budget & compliance monitoring	Quality, reliable and management information	Date	10th day of each month	7th (was 10th) day of each month	10th July 2017	7th (was 10th) day of each month			27	Y	●	M	Proof of Calculation
GOOD GOVERNANCE & DEMOCRACY	GC007	To ensure good governance and provide a framework for strategic direction	Good Governance	Review and approve strategic plan for ET with clear measurable targets by the Board	Date	End of June 2016	End of June 2017	10th July 2017	10th July 2017	Final Strategy Plan approved by the Board		30	Y	●	H	Reviewed Strategy	
	GC007	To ensure effectiveness of the committee in all areas of the entity	Good Governance	Number of board meetings & Number of meetings held to ensure effectiveness of Board of Directors by deadline	Number	4	5 (was 8)	9	9	Final Strategy Plan approved by the Board		31	Y	●	M	Notice of meeting attendance and register	
	GC007	To ensure effectiveness of the committee in all areas of the entity	Good Governance	Number of Board and the District by deadline	Number	2	2	2	2	Document received from the committee to be submitted to Board once CEO and CFO and reviewed		32	Y	●	M	Actual Report and proof of submission of report to Board and DNI	

WEIGHTINGS	
HIGH	4
MEDIUM	31
LOW	0
TOTAL	35

PERFORMANCE SYMBOLS	
TARGET MET	26
IN PROGRESS	4
NOT MET	5
TOTAL	35

6.3 | HIGHLIGHTS ON ACTUAL PERFORMANCE

In terms of section 122 of the MFMA the Accounting Officer's assessment of performance against measurable performance objectives set by iLembe District Municipality is as follows;



Socio-Economic Development

A total of 31 small scale farmers are still being maintained/supported by the Entity. The Broadband Master plan is in progress; a business plan has been packaged and submitted for funding. The progress on co-operative development is on track, a total of 91 were trained including SMMEs and 30 assisted with funding applications.

FINANCIAL YEAR	TARGET MET	% achieved
2016/2017	26 out of 35	74%
2015/2016	39 out of 44	87%
2014/2015	29 out of 39	74%
2013/2014	21 out of 29	72%

The broadband and poultry catalytic projects were the two (2) projects that were facilitated by the Entity in terms of implementation. To improve co-ordination in LED between the District and Local Municipality, 7 LED forum meetings were held and attended. An intelligence report was developed on the trade and investment market by deadline. Nineteen business networking sessions were attended/hosted. To promote entrepreneurship, three (3) reports were prepared and submitted on the competitions held.

To capitalize on tourism potential, six (6) exhibitions were attended, five (5) adverts/advertorials were in relevant publications, and one (1) official tourism travel guide for 2017/2018 was developed by end May 2017. The service Excellence campaign with the private sector was developed and implemented. Five events were supported to increase visitors in the District.

Challenges

- Ref ENTERPRISE ILEMBE: 01 – The schools nutrition project, only 35% of produce were procured from local iLembe farms, there was no produce available for local farmers to meet the demand.
- Ref ENTERPRISE ILEMBE: 03 – two (2) tunnel sites were identified to be fully functional, Mandeni sites were scheduled to be completed in March, due to electrical theft and vandalism the project has been delayed and the Entity had to appoint a service provider to deal with electrification.
- Ref ENTERPRISE ILEMBE: 08 – Identify and package large catalytic projects for funding target was 2, none was done as the service provider was appointed at risk to assist with the identification and packaging of projects. Business plans were to be submitted by March and June 2017, both service providers failed to deliver and the Entity is currently assessing their contract.
- Ref ENTERPRISE ILEMBE: 10 – Only one (1) MOU was signed with strategic partners, against a target of two (2), this is due to the delays in finalizing MOU between ENTERPRISE ILEMBE, DOE and Dube Trade Port.

Measures to Improve Performance

- Ref ENTERPRISE ILEMBE: 01 – There is a need to invest in Agriculture infrastructure and farmers are being assisted to source funding to invest in their agricultural infrastructure to enable them to produce more.
- Ref ENTERPRISE ILEMBE: 03 – the completion has been targeted for the beginning of August 2017, in the new financial year.
- Ref ENTERPRISE ILEMBE: 08 – New projects are going to be identified in the new financial year and engagements are being held with various potential investors.
- Ref ENTERPRISE ILEMBE: 10 - Continuous follow up with strategic partners is being done.

Institutional Development and Transformation

The Entity continues to improve the capacity of staff and management to deliver services by

providing training and having an updated, approved and populated organogram.

Performance Highlights

The Entity has done well in terms of staff training with 95% of the allocated budget spent. All positions were filled as at 30 June 2017.

Financial Viability and Management

Effective and adequate financial Management is a priority as the Entity continues to work towards maintaining clean administration and a clean audit. Sound expenditure management principles and credible general financial management principles have been adhered.

Performance Highlights

The Entity obtained a clean audit for the 2015/2016 financial year. There was 1 repeat finding which related to the interest and penalties incurred as a result of late payment of VAT to SARS. Four quarterly reports on performance of service providers were completed. All financial information as well as performance information has been prepared and completed timeously and submitted to the District by stipulated deadlines. Performance coaching sessions were done on a quarterly basis to ensure continuous monitoring, to detect and identify challenges towards achieving targets and to ensure measures are taken to improve performance.

Good Governance and Democracy

To ensure that the Entity administration is governed by sound and effective values and principles as outlined in the relevant legislation.

Performance Highlights

The strategic plan was approved in June 2017, 9 Board and Sub-Committee meetings were held and two Audit Committee reports were submitted to the Board as per legislation.


6.4 | CONCLUSION


Enterprise iLembe's value statement will always be;

“Economic Development that will
change the lives of people”



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