



enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

ANNUAL REPORT 2021/22



SANGWENI TOURISM, CNR LEONORA & BALLITO DR, DOLPHIN COAST, 4420
WWW.ENTERPRISEILEMBE.CO.ZA



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TABLE OF ACRONYMS

ADA	Agri-Business Development Agency
AFS	Annual Financial Statements
AG	Auditor General
APP	Annual Performance Plan
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
BSC	Bid Specification Committee
BBBEE	Broad Based Black Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COGTA	Cooperative Governance & Traditional Affairs
COO	Chief Operations Officer
COVID-19	Corona Virus Pandemic
DOE	Department of Education
DOA	Department of Agriculture
DTP	Dube Trade Port
EDTEA	Economic Development, Tourism & Environmental Affairs
EI	Enterprise iLembe
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practices
GVA	Gross Value Added
HR	Human Resources
IAS	International Accounting Standards
IBCI	iLembe Business Confidence Index
ICT	Information Communications Technology
King (IV)	Report of Corporate Governance
KPA	Key Performance Area
KPI	Key Performance Indicator
KSIA	King Shaka International Airport
KZN	Province of KwaZulu Natal
IDM	iLembe District Municipality



Chapter 1

INTRODUCTION OVERVIEW



1.1 REPORT PROFILE

Enterprise iLembe's Annual Report complies with statutory disclosure requirements of the Municipal Finance Management Act (Act 56 of 2003) and the Companies Act 71 of 2008, as well as relevant regulations, practice notes and circulars as would be issued by National and Provincial Treasury from time to time and is aligned to the shareholder's requirements. In addition, this Annual Report seeks to provide a wholistic account of the Entity's performance against set targets as agreed-to with the sole shareholder, the iLembe District Municipality.

Enterprise iLembe is, in terms of the law, expected to prepare Annual Reports every year and publish such to its stakeholders as an indication of accountability. This report covers the twelve (12) month period from 1 July 2021 to 30 June 2022. The performance content of this Annual Report shows Enterprise iLembe's progress with meeting predetermined objectives and performance indicators against the approved budget planning processes and Shareholder Compact and it contains an audited performance scorecard for the period 2021/2022. The financial content of the Annual Report further contains the audited financial statements for 2021/2022.

The assurance of the annual report for both financial and performance information is provided by various phases and reporting systems which are tested by Internal Audit and reported on to the Independent Audit Committee. In addition, as a municipal entity, Enterprise iLembe is audited by the Auditor-General of South Africa for financial, compliance and performance information.

Further information on the scope covered by Internal and External Auditors is provided in the Corporate Governance chapter of this report as well as in the Audit Committee and External Auditor's reports. The Annual Report content is structured to provide sufficient information to all stakeholders, from political authorities, regulatory bodies, investors, partners, employees and civil society, regarding Enterprise iLembe's annual performance and on-going progress towards achieving its core mandate.

Additional information concerning all aspects of the report and its contents can be obtained from Enterprise iLembe offices on:

Sangweni Tourism Center

Cnr. Leonora & Ballito Drive

Ballito

4420

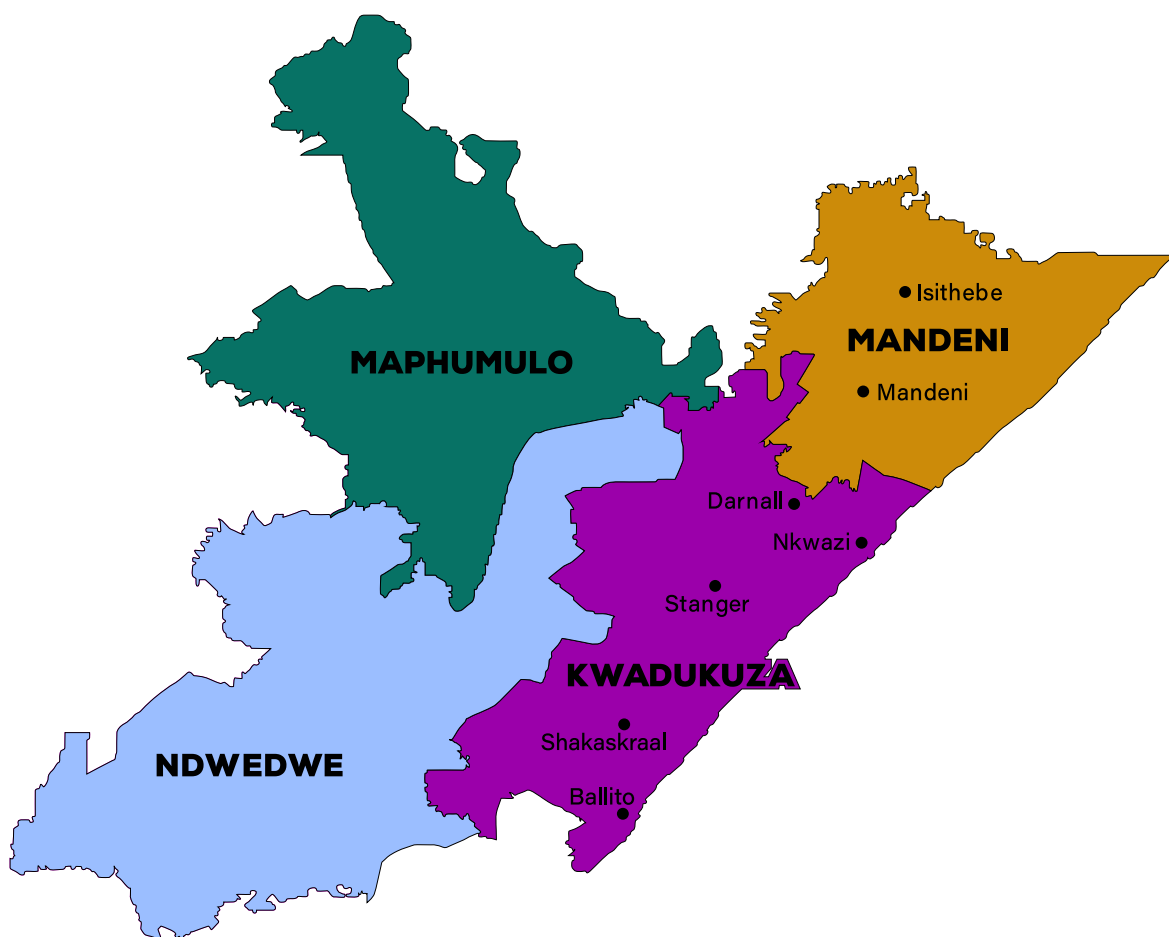
Tel: +27 (0) 32 946-1256

e-mail: receptionei@enterpriseilembe.co.za / info@enterpriseilembe.co.za

1.2 OVERVIEW OF ILEMBE DISTRICT MUNICIPALITY

The iLembe District is located just north of the KZN economic powerhouse, the eThekweni Metropolitan Municipality and is the 4th largest District economy in KZN, contributing at least 4.9% to the province's economy, but is rapidly growing in its economic contribution. The district is constituted of four local municipalities of Mandeni, Kwa-Dukuza, Ndwedwe and Maphumulo.

Strategically located between two of the country's major ports, Durban and Richards Bay, the District is also dissected by the N2 national highway connecting the two major ports, and the province to eSwatini and Mozambique to the north. The District is situated within 10km of King Shaka International Airport (KSIA) and the Dube TradePort (DTP). It is fast developing as the premier lifestyle destination for residents of KZN and inland provinces, such as Gauteng, a trend which is transforming the economic structure of the District.

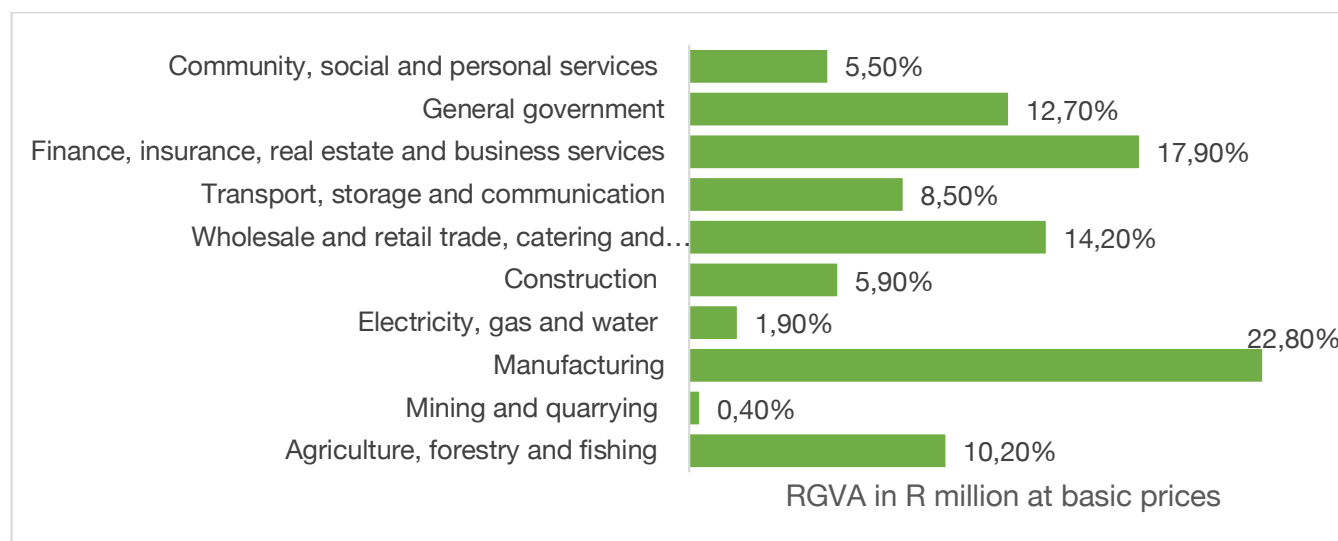


Key Economic Drivers

The economy of iLembe is mainly based on four economic sectors: agriculture, tourism, manufacturing, and construction and property development. This by no means underplays the importance of the other economic sectors (transport and logistics, trade and retail and the services sectors) as a local economy can only be successful when all the sectors operate optimally.

The figure below shows that manufacturing and finance (insurance, real estate and business services) are the major sectors that contribute to the GDP of the District Municipality with 22.8% and 17.9% respectively. However, wholesale trade, the general government services and agriculture (forestry and fishing contribute also significantly to the District GVA with 14.2%, 12.7% and 10.2% respectively. It should however be noted that this data is pre-Covid-19 and the real extent of the pandemic's impact on the District economy is yet to be accurately extrapolated.

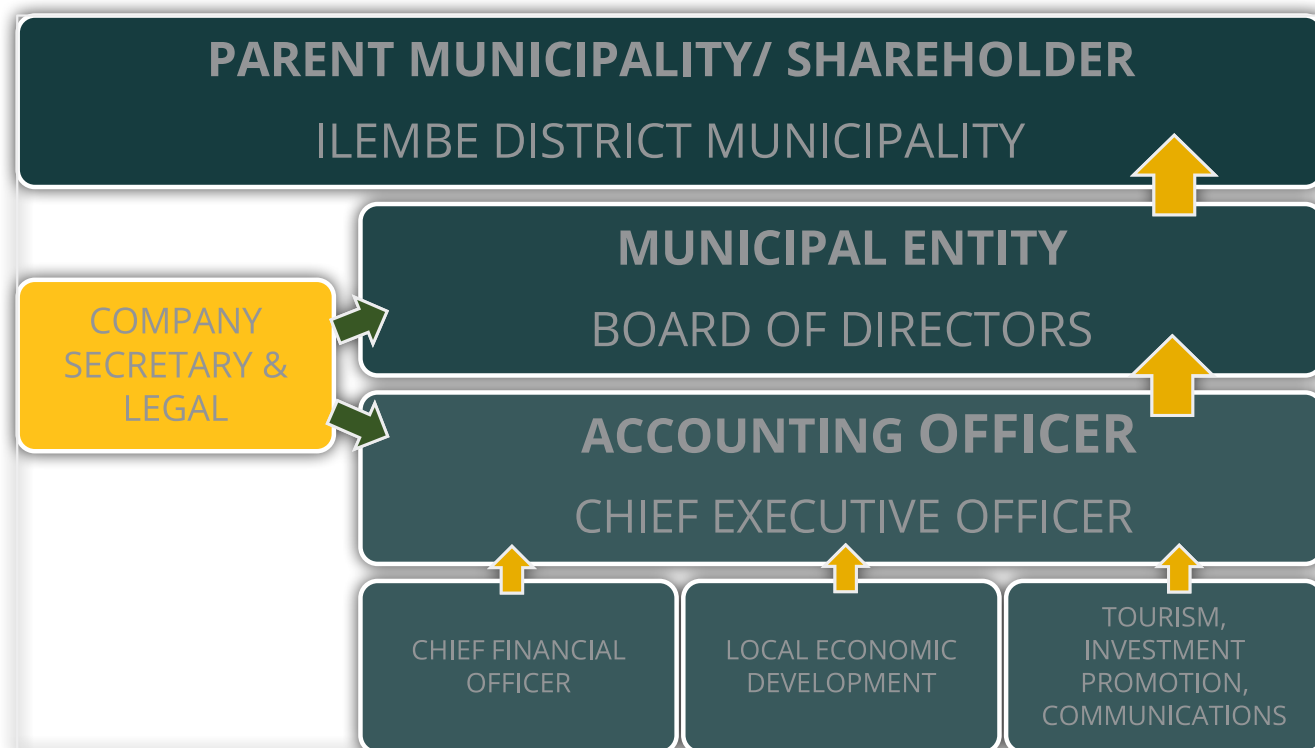
Source: Quantec: Regional Standardised, 2019



1.3 ORGANISATIONAL PROFILE

iLembe Management Development Enterprise (Pty) Ltd, trading as “Enterprise iLembe”, is a Municipal Entity wholly owned by the iLembe District Municipality (IDM). It 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. Enterprise iLembe has been formed as a local economic development agency of the iLembe District Municipality with a primary mandate to promote economic growth within the iLembe District and constituted in terms of the Municipal Systems Act No. 32 of 2000 and the Municipal Finance Management Act No. 56 of 2003 (MFMA) and is obligated to comply with the prescripts of the Companies Act 71 of 2008.

The Chief Executive Officer of Enterprise iLembe is, in terms of section 93 of the Municipal Finance Management Act, read together with section 93J of the Municipal Systems Act 32 of 2000, the Accounting Officer. The Chief Executive Officer, working with the management collective making up the Executive Committee, guides the day-to-day activities of the Entity and accountable to the Board of Directors. The Chief Executive Officer's powers and functions are properly defined in the Municipal Finance Management Act (section 94) and specifically delegated to him/her by the Board of Directors through a delegations of authority framework of the Board. The non-executive Board is vest with the responsibility to provide strategic oversight on the management's





FOREWORD BY THE CHAIRMAN

Xolani Gumede

Chairman

In my maiden annual report foreword issued last year I was somewhat confident and certain that the loss of socio-economic momentum of our country and district would be difficult to top from the year before. This was premised, on the enthusiasm, promise and evidence of rising Covid-19 vaccinations and natural immunity, showing real pushback on the carnage witnessed in 2020. I think it's fair to say that 2021 gave it a committed attempt with its addendum of challenges. However, I am cautiously optimistic that we have crested the devastating peaks – globally, of the last two years.

Throughout this time, I have continued to have the opportunity of leading the Enterprise iLembe Board as its Chairperson, heartbreakingly witnessing firsthand the strain on health & wellness of our people, increased poverty and heightened food insecurity, all converge into a tapestry of challenges that our district has faced full-on. Throughout this time, our Board has stayed steadfast, positive and committed to emerging a stronger and more focused entity, alive to the past and present realities of our communities. I sincerely thank all my colleagues for their utmost support and wisdom.

It gives me great pleasure to confirm that during the course of 2021, the Board warmly welcomed the addition of Ms. Zodwa Msimang, appreciating her vast insight and experience in tourism and entrusting her to provide oversight leadership of this crucial sector. Equally pleasing was the addition of Mr. Philani Gumede in 2022, to add specific attention and guidance to our collective insight within the manufacturing sector. In addition to this expertise, I am pleased to report that since my previous report, we have appointed a permanent Chief Executive Officer - Mr. Linda Mncube, who is passionate and well-versed with the mandate of our shareholder and aspirations of the Board to operationalize the radical improvement of the lives and livelihoods of our communities. The economic development needs of our country and district remain critical and urgent.

The July 2021 riots in our district are a stark reminder of the urgency to respond to the fundamental challenges our country faces namely: poverty, unemployment, inequality and may I add the 'neglected youth' and sidelining of our un/low-skilled workforce.

Whilst the ever-rising cost of living is disproportionately not of our doing, the unfortunate consequences of events well beyond our horizon, have deepened our plight as a district and exacerbated our challenges as an entity.

On a positive note, the performance of the organisation continues to inspire us to do more. Notwithstanding our limited resources, the organisation continues to service its mandate of promoting local economic development and in accordance with the annual assessment undertaken by COGTA, the entity's ranking amongst its peers remains exemplary and commendable.

In last year's annual report, I summed up that the improvements to organisational capacity and capability, would enhance governance and improve efficiencies & performance that responded to the expectations of our stakeholders. I am pleased to say that this has been a period characterized by transparent expenditure, accountability and an improved cash management position. It is worth noting that none of this would be possible without committed and supportive teamwork between management, staff and the Board. This team has been further strengthened by the appointment of an Audit Committee recently appointed by the shareholder in 2022.

On behalf of the Board of Directors of Enterprise iLembe we would like to thank our shareholder, iLembe District Municipality from the Mayor, Councillor Thobani Shandu and his fellow Councillors, to the Municipal Manager Mr G Kumalo and his officials for their ongoing support, leadership and guidance and to all our partners and stakeholders without whom we will not be able to implement the mandate of driving effective and sustainable change within our communities.

What the last two years have demonstrated thus far is that we are an incredibly resilient nation and district who share a combined obligation to forge a caring and humane destiny for all – and we dare not abandon nor ignore this responsibility. It is ultimately for each of us to exercise empathy, compassion and sincerity in building a brighter and prosperous future for all. We need, no we MUST, stay the course.

Nkosi Sikel' iAfrika



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Xolani Gumede

Chairperson of the Board of Directors



REPORT BY THE CHIEF EXECUTIVE OFFICER

Linda Mncube

Chief Executive Officer

The 2021/2022 financial year has seen considerable changes, not just for Enterprise iLembe, but also provincially and nationally. The economic recovery following two years of COVID-19 restrictions has been sluggish, this is evidenced by the persistently high rates of unemployment and disconcertingly low economic growth. The July 2021 unrest further fueled the economic hardship and triggered more job losses.

The precarious economic situation was further compounded by the floods in April 2022 that caused extreme devastation, loss of life, and the displacement of hundreds of households. The economic impact of the floods continues to be felt as some of the critical mobility routes remain either closed or not yet fully restored. The impact on the agricultural sector included inability to access markets due to road damage, loss of crops and livestock. The processing of agricultural outputs was also disrupted as mills in the district and neighbouring municipalities were also affected. The tourism sector, still recovering from restrictions in travel and gatherings, also experienced substantial reductions in trade over the easter weekend which is historically one of the busiest periods in the year.

The Local Government elections of November 2021 ushered in a new Council within the Entity's primary shareholder, iLembe District Municipality. Subsequent to its election, the Council held their strategic planning session with the objective of defining service delivery priorities for the period 2021 to 2026. To this end, there are specific performance targets that have been assigned to the entity, particularly on local economic development, investment promotion, and corporate governance. The entity remains committed to making its contribution towards the ultimate attainment of the development vision of its shareholder.

The entity has made significant strides in respect of governance including the filling of two Board vacancies. In this regard, the Board welcomed Ms. Zodwa Msimang and Mr. Philani Gumede who've been appointed as Tourism and Manufacturing sector representatives respectively. A new Audit committee has been appointed for a period of 3 years, this will assist the entity in adhering to good governance practices and ensure robust internal controls.

A new Audit committee has been appointed for a period of 3 years, this will assist the entity in adhering to good governance practices and ensure robust internal controls. The entity received a positive assessment from KZN COGTA in the bi-annual functionality assessment for the period October 2021 to March 2022. During this period the entity was deemed to be functional, and the report highlighted general organizational stability and ability to execute on its economic development mandate.

As part of implementing the recommendations of the 5 year strategy, the entity, through the support of Vuthela iLembe LED, has commenced with two change management projects aimed at reorienting its organizational structure and business processes to more effectively execute its mandate. The outputs of the HR review project include a revised organogram, reviewed HR policies, and the cascading of performance management to all employees. Whilst the project management and finance assignment will include development of a project appraisal and management system, and a robust financial management system to aid project reporting and decision making.

The recent events that resulted in adverse impacts on the District infrastructure and economy have undoubtedly left lingering hesitancy about the allure of our region and Province from an investment and tourism perspective. Cognisant of this fact, the entity has in the past year embarked on several marketing and promotional activities aimed at showcasing iLembe as an attractive destination for tourists and investors. The entity participated in the following exhibitions; Intra-Africa Trade Fair, Meetings Africa, WTM Africa, Rand Easter Show, and the Africa Travel Indaba.

The Seventeen87 wine cellar celebrated its first anniversary in November 2021, demonstrating the resilience of this project in the wake of various restrictions on the sale and consumption of alcohol. The cellar is gradually achieving brand-recognition with several social events taking place on the premises.

These interventions, and others from our private sector partners and sister entities (both Provincial and National) are starting to bear fruit. The 2021 Tourism sector performance report revealed that this sector is firmly on a positive trajectory with the total number of visitors to the District estimated at the 925 000. It should be however noted that this remains below pre-pandemic levels.

Agriculture remains one of the primary sectors of the District economy in terms of output and job creation. The sector also plays a pivotal role in food security, especially in the hinterland which is characterized by low levels of investment. In the past year, the entity has supported a number of small-scale farmers with production inputs, mechanization, and facilitated access to commercial markets. In addition, a landmark agreement was signed with the Spar group for the establishment of the iLembe rural hub. Through this agreement, selected farmers will be capacitated to meet the safety and quality requirements to supply this retail group.

Small, Medium and Micro Enterprises (SMMEs) play a critical role in the advancement of a sustainable economy. These businesses have the potential to be one of the drivers of employment, innovation, and economic growth. In this regard, the iLembe Business Incubator was established to harness the potential of these businesses through the provision of business development services and office infrastructure. The term of the business incubator has been extended for a further 3 years i.e. 2022 to 2025. The Mandeni Youth Enterprise Park, which is a COGTA funded initiative aimed at providing a market place for youth owned businesses, has reached practical completion.

Opportunities for further expansion of this project and support to tenant-businesses will be pursued in the 2022/23 financial year.

The iLembe Business Confidence Index is a bi-annual survey that provides subjective individual expectations of business leaders within the District, thus providing a basis for business retention and expansion interventions. There were two reports issued in the 2021/22 financial year and both revealed an overall positive outlook for the district economy, which is the first positive index since the introduction of the iLembe Business Confidence Index. This underscores the buoyancy of the district economy and the confidence that business leaders have in maintaining their operations iLembe. Notwithstanding the overall positive sentiments, there are areas that remain a concern, these include high levels of unemployment, cumbersome regulatory environment, infrastructure provision, and other macro-economic factors.

In conclusion, on behalf of Management, I wish to express our gratitude to the employees of Enterprise iLembe and the Board of Directors who continue to approach the prevailing challenges of the day with purpose and vigor. A special appreciation to the iLembe District Municipality for its strategic direction and support in the execution of the Local Economic Development mandate. The role of our stakeholders cannot be over-emphasized, our deepest gratitude to local municipalities, organized business, sector departments, civic formations, traditional leaders, and the community of iLembe, we maintain the firm conviction that our collective efforts, harnessed for a common purpose, will yield a brighter tomorrow for iLembe.



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Linda Mncube
Chief Executive Officer

An aerial photograph of a city street, likely in a developing country, showing a mix of commercial and residential buildings. The street is lined with parked cars and has a few vehicles moving. In the background, there are rolling hills under a clear sky. The text 'Chapter 2' is written in a large, blue, cursive font, and 'CORPORATE GOVERNANCE' is written in a smaller, orange, bold, sans-serif font below it.

Chapter 2

CORPORATE GOVERNANCE

2.1 CORPORATE GOVERNANCE

Clearly constituted governance frameworks and structures enable Enterprise iLembe to operate within defined parameters. The Chairperson of the Board and all other Non-Executive Directors / Board Members (with the exclusion of the Chief Executive Officer), are classified as Non-Executive Directors. There is a clear distinction of powers, functions and roles of the non-executive members (which include the Chairperson) and those conferred on the Chief Executive Officer by law and through delegation. All Directors are enjoined to execute their legal duties in a professional manner, with integrity and utmost good faith. The Board of Directors is collectively accountable for the leadership and oversight control of management actions in Enterprise iLembe. Its responsibilities include the development, review and monitoring of strategic objectives, the approval of budget expenditure, risk management and monitoring of operational and financial performance.

The iLembe District Municipality is the sole Shareholder of Enterprise iLembe. The Board of Directors contracts with the Shareholder, through an annually approved Shareholder Compact. The Chief Executive Officer, as the Accounting Officer, is accountable to the Board for the successful implementation of this compact and the overall performance of the Entity and is also required by law to account to various other stakeholders on behalf of the Entity.

The Board Charter provides a firm foundation for a clear definition of roles at the helm of governance structures of the organisation. The charter provides a framework for fiduciary duties, responsibilities and overall functioning of the Board.

The Board is required to meet at least 4 times per annum. The Board constitutes two sub-committees i.e. i.e. the Local Economic Development and Investment Committee; and the HR, Finance and Remuneration Committee.

The schedule below indicates the attendance by the Board Members to Board and sub-committee meetings for the period 01 July 2021 to 30 June 2022;

NAME	BOARD	LED AND INVESTMENT SUB-COMMITTEE	HR, FINANCE & REMUNERATION (HRFR) SUB-COMMITTEE
Mr Xolani Gumede (Chair)	10	N/A 3	4
Ms Ntokozo Mlaba (Dep Chair & Chair HRFR Sub-Com)	9	N/A	4
Ms Noluthando Dlamini	11	3	4
Dr Thami Mbonambi	10	3	4
Mr. Ian Deetlefs (Chair LED & Investment Sub-Com)	10	3	N/A
Ms Z Msimang	8	1	N/A
Mr. P Gumede	3	N/A	1

The Members of the Board have requisite skills which are used in providing leadership, guidance and directing strategy during the period under review. Overall, the Board functioned at a strategic level and delivered outputs in line with its mandate. Non-Executive Board of Directors receive remunerative benefits and fees in line with their terms of appointment. Therefore, no Board Member is involved in determining his/her own remuneration. Board Members' remuneration is fully disclosed in the financial statements component of this report.

Below Reflects The Profiles Of The Board Members



MR XOLANI GUMEDE

CHAIRPERSON OF THE BOARD

Property Administration & Management (Technikon Natal) Dip. Industrial Relations & Labour Law (IRR)

AMP International Business & Management (CDG, Germany) Adv Project Management (UNISA)

Post-Grad in Project Management (USQ, Australia) Masters in Project Management (USQ, Australia)

He is a Member of the South African Council for the Project and Construction Management Professions (SACPCMP). A businessman and former Director at Turner & Townsend (2020-2021), President of iLembe Chamber of Commerce Industry & Tourism (2017-2019), Board-member of iLembe Chamber of Commerce Industry & Tourism (2016-2017).



MS NTOKOZO MLABA

DEPUTY CHAIRPERSON

CHAIR: HR FINANCE & REMUNERATION COMMITTEE

B. Comm Hons (Accounting) UKZN; Master's in business leadership UNISA

She is an auditor by profession and has served in various audit roles in both the private and public sectors. She is a member of the Institute of Directors and a Member of the Institute of Internal Auditors SA.



MAJOR GENERAL (RTD) IAN DEETLEFS SSAS PG SM JCD

CHAIRPERSON: LED & INVESTMENT

Bachelor of Economics (UKZN)

A businessman and a director in several private entities. He is a retired Chief of Defence Reserves, SANDF. Previously served as a Director of Enterprise iLembe and Chairman of Denel.



DR THAMI MBONAMBI

MEMBER: HR FINANCE & REMUNERATION

MEMBER: LED & INVESTMENT

Degree in Business Administration (UZ);

Postgrad Diploma in Finance & Marketing, MCom, LLM, PhD in Business Administration (UKZN)

A financial, business and legal expert; and an experienced businessman with interests in property development, venture capital transactions across various sectors including start-ups.



MS NOLUTHANDO DLAMINI

MEMBER: HR FINANCE & REMUNERATION

MEMBER: LED & INVESTMENT

Diploma in Business Management,

Bcom Economics,

Masters Business Administration

A businesswoman and is the CEO of Ngcebo Yethu Holdings.

Her previous assignments include being the Marketing and Stakeholder Relations Manager for National Construction Incubator, Area Manager SEDA Construction Incubator – Gauteng.



MS ZODWA MSIMANG

MEMBER: LED & INVESTMENT

BA Communications

Higher Diploma in Education (UZ)

Certificate in Public Relations, Certificate in Human Resources (Damelin College)

Certificate Social Entrepreneurship Program (Gordon Institute of Business Science)

A member of the South African Association for the Conferencing Industry and Durban Chamber of Commerce and Industries. She is a businesswoman, founder and current Group Chairman and Managing Director of Ikhono Thrive Global. She is currently a board member of Oname Investments. She has previously served on the boards of Tourism KZN and the Durban International Convention Centre, the South African Association for the Conferencing Industry and Hlahlindlela Investments.



MR PHILANI GUMEDE

MEMBER: LED & INVESTMENT

National Diploma, Chemical Engineering Technology (DUT)

Snr Management Development Programme (SBS)

General Management experience coupled with years of experience in Production Management in a global renewable resource company.



MR LINDA MNCUBE

ACCOUNTING OFFICER

Degree in Town and Regional Planning (DUT)

PG dip in Urban Management (Erasmus University Rotterdam, Netherlands)

A registered Professional Planner with the South African Council for Planners (SACPLAN)

He was previously responsible for Strategy, Planning, and Risk Management within Enterprise iLembe. He has held various roles in Local Government including Land Use Management, Spatial Planning, and Strategic Planning.



Audit and Risk Committee

The Audit and Risk Committee comprises of Independent Members who are directly appointed by the shareholder. As at the beginning of the reporting period, this Committee comprised three (3) Members who were appointed in line with section 166 of the MFMA with their term ending on 31 May 2022. Their meeting engagements are as reflected below:

NAME	NUMBER OF MEETINGS ATTENDED
S. Hlophe - Chairperson	5
S. Gertze	5
B. Zulu	5

The Shareholder appointed the following new Audit Committee members for the Entity, effective 01 June 2022:

1. Mr Z Zulu
2. Ms SC Dlungwane
3. Mr E Mulla
4. Mr PGJ Dzanibe
5. Mr BM Mhlongo

There were no Audit and Risk Committee meetings held in June 2022.

Company Secretariat

During the year under review the Entity appointed a Company Secretariat/Head of Legal on 01 September 2021 which was in line with the restructured organogram that was approved in 07 May 2021. The appointee however resigned on 20th of December 2021. As at 30 June 2022 the positions remains vacant and the Entity is currently headhunting for a suitable candidate after the normal recruitment process did not yield any successful results. Notwithstanding this, the Board of Directors is satisfied with the way the Entity put measures in place to ensure overall compliance with laws and regulatory requirements and in the manner in which support was provided to the Board of Directors in the discharge of their fiduciary duties over the period

2.2 STRATEGIC OBJECTIVES & FUNCTIONS

2.2.1 ENTITY MANDATE

From a strategy assessment and implementation point of view, the Entity's mandate can be broken down into the following pillars:

- 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.

2.2.2 KEY STRATEGIC GOALS & OBJECTIVES

The key strategic goals and objectives can be summarized as follows:



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



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



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



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

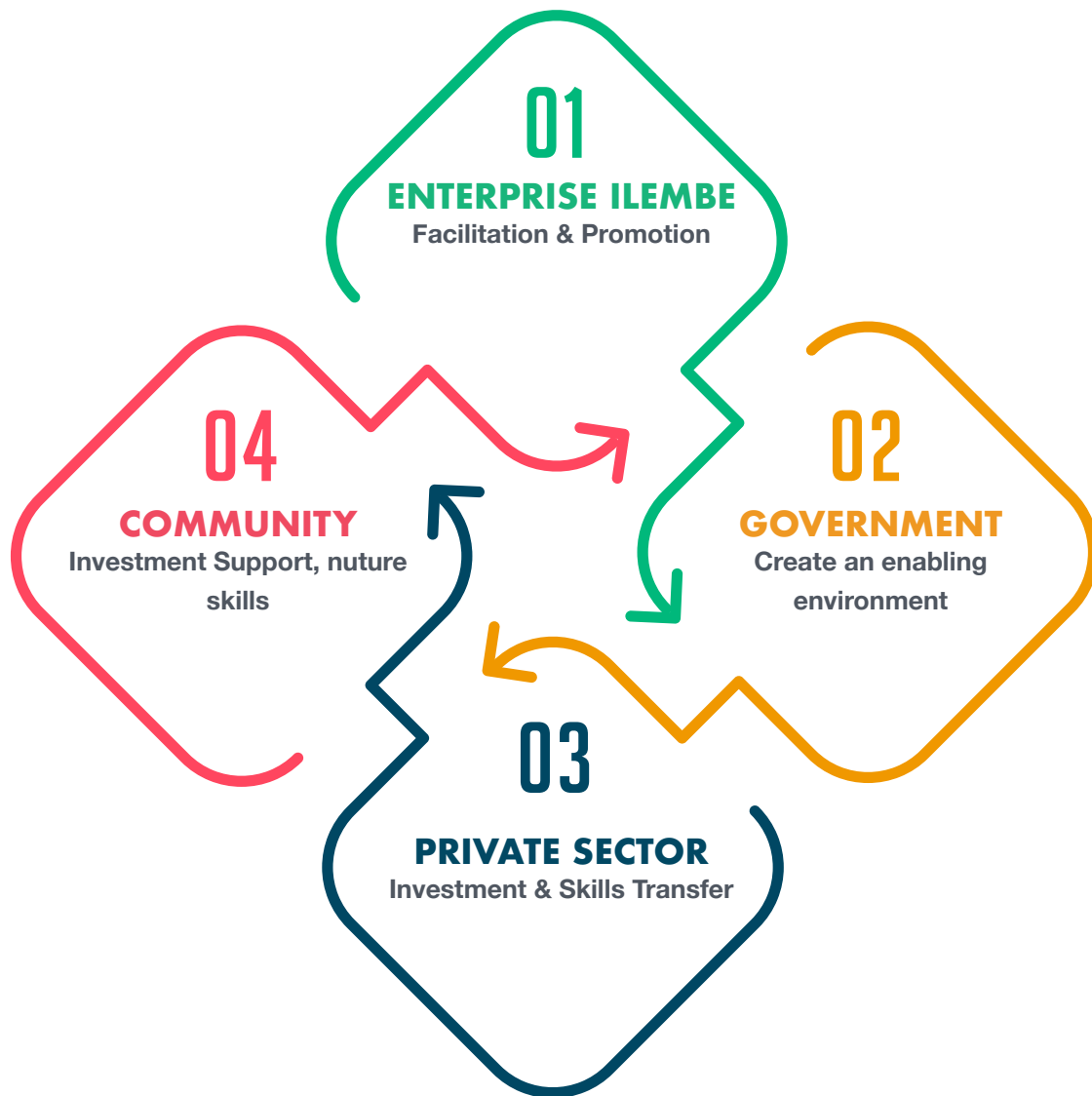


Facilitate research that assists with Policy Development and formulation that impacts the mandate of the Agency



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

2.2.3 ROLES & RESPONSIBILITIES



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

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

2.2.4 SERVICE LEVEL AGREEMENT

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

- a. Project Management Unit: Using the Project Management Unit for developing and implementing detailed service delivery plans within the framework of the municipality's IDP;
- b. 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;
- c. Tourism: Promotion of local tourism for the area of the district municipality;
- d. Markets: The establishment, conduct and control of fresh produce markets serving the area of a major portion of the municipalities in the district;
- e. Abattoirs: The establishment, conduct and control of abattoirs serving the area of a major portion of the municipalities in the district;
- f. Airports: Municipal airports serving the area of the district municipality as a whole
- g. 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.

Reporting protocols

The Chief Executive Officer as the Accounting Officer has been mandated by the Board of Directors, and is enjoined by legislation, to report to the shareholder, iLembe District Municipality, and any other relevant structures on behalf of the Entity and is accountable to the Board of Directors in relation to such reporting mechanisms. In addition to the various Intergovernmental (IGR) structures, regular meetings are held between the Board of Enterprise iLembe and principals of the District. The Chief Executive Officer and various other functionaries of management of the Entity also participate and report into the following structures;

- Quarterly Executive Committee Meetings
- Economic Development Portfolio Committee
- Finance Portfolio Committee
- District Development Model Hub (DDM)
- Local Municipality IGR
- Provincial Forums

2.3 PERFORMANCE REPORTING

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.



2.4 ORGANISATIONAL SCORECARD – SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN (SDBIP) 2020/2021





iLembe District Municipality

Enterprise iLembe - Annual Performance Report 2021 2022 - Final AG audited

Ref	Internal Ref / Indicator Code	Responsible Department	IDP Ref	Responsible Owner	KPI Name	Description of Unit of Measurement	Strategic Objective	Top Layer KPI	National KPA	Municipal KPA
D1205	EI01	Enterprise iLembe - Agriculture	LED02	Assistant Manager: Agriculture	Number of new and existing small scale farmers identified and supported by the Entity by deadline	Number	To upscale Agriculture development in the district	Number of new and existing small scale farmers identified and supported by the Entity by deadline (EI01-TL043)	Local Economic Development	Open Fields
D1206	EI02	Enterprise iLembe - Agriculture	LED02	Assistant Manager: Agriculture	Number of new markets secured for capacitated farmers by deadline	Number	To upscale Agriculture development in the district	Number of new markets secured for capacitated farmers by deadline (EI02-TL044)	Local Economic Development	New markets for farmers
D1207	EI03	Enterprise iLembe - Agriculture	LED02	Assistant Manager: Agriculture	Number of vineyards sites converted into fresh produce open fields by deadline	Number	To upscale Agriculture development in the district		Local Economic Development	Vineyards
D1208	EI04	Enterprise iLembe - Agriculture	LED02	Assistant Manager: Agriculture	Number projects handed over to co-operatives by deadline	Number	To upscale Agriculture development in the district	Number of projects handed over to co-operatives by deadline (EI04-TL045)	Local Economic Development	Ownership model for existing projects (winery, tunnels, etc)
D1209	EI05	Enterprise iLembe - Tourism, Marketing & Communications	LED02	Manager: Tourism, Marketing & Communications	Percentage increase in wine sales by deadline	Percent	To upscale Agriculture development in the district		Local Economic Development	1787 Wine cellar and tasting room - (under toursim)
D1210	EI06	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Number of exhibitions attended (virtual) by deadline	Number	To capitalise on tourism potential of the district	Number of exhibitions attended by deadline (EI06-TL047)	Local Economic Development	Tourism Marketing & Development
D1211	EI07	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Number of tourism adverts/ advertorials (print and electronic) in relevant platforms by deadline	Number	To capitalise on tourism potential of the district	Number of tourism adverts/ advertorials by deadline (print and electronic) in relevant platforms (EI07-TL048)	Local Economic Development	Tourism Marketing & Development

Departmental Objective	Budget	Adjusted Budget	Baseline	2020-2021 Annual Target	2020-2021 Annual Actual	Jun-22					Overall Performance for July 2021 to June 2022			
						Original Target	Revised Target	Actual	R	Performance Comment	Original Target	Revised Target	Actual	R
Co-ordination of LED in the District	R 500,000	R 450,000	20	20	20	20	20	20	G	Target is met	20	20	20	G
Co-ordination of LED in the District			16	10	16	2	2	2	G	<ul style="list-style-type: none"> - The KIP POE is provided as source of evidence which is email and covering report. - An MOU with Spar has been provided as evidence - emails exchange with OBC was provided as well which meets the criteria given the KPI. - MOU with OBC is not yet finalized. 	2	2	2	G
Co-ordination of LED in the District			1	1	1	1	1	1	G		1	1	1	G
Co-ordination of LED in the District			0	1	0	4	4	0	R	<ul style="list-style-type: none"> -The Ownership Model Implementation has started and its ongoing. - Ei has advertised for repairs for both Mandeni and Maphumulo in May 2022 however there were no responsive bids. - Ei has advertised again in July 2022 for both sites. - Potential technical partners were interviewed however they all indicated that they don't have the capital to repair. - There was no budget for tunnels as there was an indication from the Board that they should be transferred as they are. Engagements with potential technical partners made it clear they they do not have capital to repair. Ei had to get funds to repair hence the processes that have started to repair the tunnels. 	4	4	0	R
Co-ordination of LED in the District			63,70%	0	0	10,00%	68,70%	71,00%	G2		10,00%	68,70%	71,00%	G2
To increase visitor numbers to the iLembe District	R 20,045,234 (Budget allocated to EI06 to EI18	R 20,045,234 (Budget allocated to EI06 to EI18	3	3	3	3	3	5	B		3	3	5	B
To increase visitor numbers to the iLembe District			10	8	10	8	8	8	G		8	8	8	G

Ref	Internal Ref / Indicator Code	Responsible Department	IDP Ref	Responsible Owner	KPI Name	Description of Unit of Measurement	Strategic Objective	Top Layer KPI	National KPA	Municipal KPA
D1213	EI09	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Percentage of annual increase of tourists to iLembe by deadline	Percent	To capitalise on tourism potential of the district	Percentage of annual increase of tourists to iLembe by deadline (EI09-TL046)	Local Economic Development	Tourism Marketing & Development
D1214	EI10	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Number of Tourism Training for SMME's by deadline	Number	To capitalise on tourism potential of the district		Local Economic Development	Tourism Marketing & Development
D1215	EI12	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Number of District Tourism Forum meetings held by deadline	Number	To capitalise on tourism potential of the district		Local Economic Development	Tourism Marketing & Development
D1216	EI13	Enterprise iLembe - Tourism, Marketing & Communications	LED04	Manager: Tourism, Marketing & Communications	Number of Business Confidence Index developed by deadline	Number	To increase investment within the District	Number of Business Confidence Index developed by deadline (EI12-TL052)	Local Economic Development	Provide Market Intelligence (international, national, provincial and local)
D1217	EI14	Enterprise iLembe - Enterprise	LED04	Chief Executive Officer	Rand value of investment by deadline	South African Rands	To increase investment within the District	Rand value of investment by deadline (EI13-TL056)	Local Economic Development	Investment attraction & facilitation
D1218	EI15	Enterprise iLembe - Tourism, Marketing & Communications	LED04	Manager: Tourism, Marketing & Communications	Number of marketing platforms for investment promotion deadline	Number	To increase investment within the District		Local Economic Development	Investment attraction & facilitation
D1219	EI16	Enterprise iLembe - Strategy, Planning & Risk	LED04	Chief Executive Officer	Number of District Wide Incentive Scheme developed and adopted by deadline	Number	To increase investment within the District	Number of District Wide Incentive Scheme developed and adopted by deadline (EI16-TL051)	Local Economic Development	District Wide Incentive Scheme
D1220	EI17	Enterprise iLembe - Tourism, Marketing & Communications	LED04	Manager: Tourism, Marketing & Communications	Number of progress reports on the implementation of investment promotion strategy by deadline	Number	To increase investment within the District	Number of progress reports on the investment promotion strategy by deadline (EI15-TL050)	Local Economic Development	Investment promotion strategy
D1221	EI18	Enterprise iLembe - Tourism, Marketing & Communications	LED04	Manager: Tourism, Marketing & Communications	Number of stakeholder Engagements Hosted/Attended by deadline	Number	To increase investment within the District		Local Economic Development	To build partnerships with external stakeholders
D1222	EI19	Enterprise iLembe - Enterprise Development	LED04	Manager: Enterprise Development	Number of impact assessment reports on iLembe incubator by deadline	Number	To increase investment within the District		Local Economic Development	SMME development
D1223	EI20	Enterprise iLembe - Enterprise Development	LED04	Manager: Enterprise Development	Number of progress reports prepared on the Enterprise iLembe incubator SMME's participating in iLembe Entrepreneur Competition by deadline	Number	To increase investment within the District		Local Economic Development	To promote Entrepreneurship
D1224	EI21	Enterprise iLembe - Enterprise Development	LED05	Manager: Enterprise Development	Number of co-operatives/ SMMEs trained on basic business management skills by deadline	Number	To ensure job creation	Number of co-operatives/ SMMEs trained on basic business management skills by deadline (EI22-TL053)	Local Economic Development	Co-operative Development

Departmental Objective	Budget	Adjusted Budget	Baseline	2020-2021 Annual Target	2020-2021 Annual Actual	Jun-22					Overall Performance for July 2021 to June 2022			
						Original Target	Revised Target	Actual	R	Performance Comment	Original Target	Revised Target	Actual	R
To increase visitor numbers to the iLembe District			0,00%	0,00%	0,00%	3,00%	0,00%	60,00%	B		3,00%	2,00%	60,00%	B
To increase visitor numbers to the iLembe District			2	2	2	0	0	3	B		2	2	3	B
To increase visitor numbers to the iLembe District			1	1	1	4	4	4	G		4	4	4	G
To attract interest in investment in the iLembe District			2	2	2	0	0	2	B		2	2	2	G
To attract interest in investment in the iLembe District			R0.00	0	0	R100 000 000.00	R100 000 000.00	R1 800 000 000.00	B		R100 000 000.00	R100 000 000.00	R1 800 000 000.00	B
To profile the iLembe District for trade and investment			0	0	0	4	4	5	G2		4	4	5	G2
To attract interest in investment in the iLembe District			0	1	0	1	1	0	R	The request for proposals was issued in February however there were no responsive bids received. The re-advertisement was issued on July 2022.	1	1	0	R
To attract interest in investment in the iLembe District			2	2	2	2	2	2	G		2	2	2	G
To attract interest in investment in the iLembe District			5	5	5	3	3	8	B		3	3	8	B
To attract interest in investment in the iLembe District	R 3,171,174	R 3,171,174	0	0	0	2	2	2	G	Target met	2	2	2	G
To attract interest in investment in the iLembe District			0	1	0	3	6	6	G	Reports attached	3	6	6	G
To identify and package new projects in existing sectors	R 150,000	R 150,000	106	62	106	60	100	117	G2	Target met	60	100	117	G2

Ref	Internal Ref / Indicator Code	Responsible Department	IDP Ref	Responsible Owner	KPI Name	Description of Unit of Measurement	Strategic Objective	Top Layer KPI	National KPA	Municipal KPA
D1225	EI22	Enterprise iLembe - Enterprise Development	LED05	Manager: Enterprise Development	Number of programmes implemented by deadline	Number	To ensure job creation	Number of programmes implemented by deadline (EI23-TL054)	Local Economic Development	Capacity Building and Mentorship support for small enterprises
D1226	EI23	Enterprise iLembe - Enterprise Development	LED05	Manager: Enterprise Development	Number of engagement sessions with local businesses identify and package new projects in existing sectors by deadline	Number	To ensure job creation	Number of engagement sessions with local businesses identify and package new projects in existing sectors by deadline (EI24-TL055)	Local Economic Development	To encourage local businesses to take advantage of government programmes (Black Industrialist, Employment Tax incentives, etc)
D1227	EI25	Enterprise iLembe - Enterprise	MTI01	Chief Executive Officer	Percentage of training budget spent by deadline	Percent	To establish an efficient and productive administration		Municipal Institutional Development and Transformation	Employee Training
D1228	EI26	Enterprise iLembe - Finance	FV02	Chief Financial Officer	Number of monthly financial information reports MFMA Section 87(11) submitted to the District by deadline	Number	To ensure sound budgeting and compliance principles		Municipal Financial Viability and Management	Quality, reliable financial statements and management information
D1229	EI27	Enterprise iLembe - Finance	FV03	Chief Financial Officer	Cost Coverage ratio by end June 2022 (All available cash + investments/ monthly fixed operating expenditure)	Ratio	To ensure sound expenditure management		Municipal Financial Viability and Management	Cost Coverage
D1230	EI28	Enterprise iLembe - Finance	FV03	Chief Financial Officer	Cashflow Management (Ability of EI to meet its financial obligations)	Number	To ensure sound expenditure management		Municipal Financial Viability and Management	Management of cashflow
D1231	EI29	Enterprise iLembe - Finance	FV03	Chief Financial Officer	Percentage of operational expenditure by deadline (Actual operating expenditure/ Budgeted operating expenditure x 100)	Percent	To ensure sound expenditure management		Municipal Financial Viability and Management	Operational expenditure monitoring
D1232	EI30	Enterprise iLembe - Finance	FV05	Chief Financial Officer	Number of Clean audit opinion report received from AG for 2020/2021 by deadline	Number	To maintain a clean audit opinion		Municipal Financial Viability and Management	Maintain Clean Audit
D1233	EI31	Enterprise iLembe - Finance	FV05	Chief Financial Officer	Number of Annual Financial Statements submitted to AG by deadline	Number	To maintain a clean audit opinion		Municipal Financial Viability and Management	Maintain Clean Audit

Departmental Objective	Budget	Adjusted Budget	Baseline	2020-2021 Annual Target	2020-2021 Annual Actual	Jun-22					Overall Performance for July 2021 to June 2022			
						Original Target	Revised Target	Actual	R	Performance Comment	Original Target	Revised Target	Actual	R
To identify and package new projects in existing sectors			3	3	3	2	6	6	G	Target met - A number of programmes implemented within the current financial year; 1. The IDC Business Recovery 2. The iLembe ITC Project 3. Digital Centre Programme 4. The Fodobev Programme 5. The iLembe Chamber Entrepreneurship Competition 6. The Spar Group Agri SMME Food Safety Programme	2		6	G
To identify and package new projects in existing sectors			22	12	22	4	11	14	G2	Target met - This is due to the recent Provincial incidents of the unrest and the floods, where there has been more focus on engaging SMMEs on these crises to assist businesses to access opportunities.	4	11	14	G2
To improve the capacity of staff to deliver services	R 166,592	R 166,592	95,00%	100%	95%	100,00%	100,00%	67,00%	R	All trainings were conducted as planned	100,00%	100,00%	67,00%	R
Budget & compliance monitoring			12	12	12	12	12	12	G		12	12	12	G
Cash flow management			2.25:1	1:01	2.25:1	1:01	1:01	3.70:1	B	There were delays in procurement and spending due to the suspension of regulations.	1:01	1:01	3.70:1	B
Cash flow management			67	30	67	30	30	93	B	There were delays in procurement and spending due to the suspension of regulations.	30	30	93	B
Expenditure management	R 38,493,814	R 45,540,439	88,00%	100%	88%	100,00%	100,00%	84,00%	R	There were delays in procurement and spending due to the suspension of regulations.	100,00%	100,00%	84,00%	R
To ensure adequate financial and administration management			0	1	0	0	0	0	N/A		1	1	0	R
To ensure adequate financial and administration management			0	0	0	0	0	0	N/A		1	1	1	G

Ref	Internal Ref / Indicator Code	Responsible Department	IDP Ref	Responsible Owner	KPI Name	Description of Unit of Measurement	Strategic Objective	Top Layer KPI	National KPA	Municipal KPA
D1234	EI32	Enterprise iLembe - Finance	FV05	Chief Financial Officer	Number of repeat findings by deadline (except in cases where it is beyond EI control)	Number	To maintain a clean audit opinion		Municipal Financial Viability and Management	Maintain Clean Audit
D1235	EI33	Enterprise iLembe - Finance	FV05	Chief Financial Officer	Percentage progress on audit queries resolving plan by deadline	Percent	To maintain a clean audit opinion		Municipal Financial Viability and Management	Maintain Clean Audit
D1236	EI34	Enterprise iLembe - Enterprise	GP010	Chief Executive Officer	Number of coaching sessions of employees' performance conducted timeously by deadline	Number	To ensure effective Performance Management		Good Governance and Public Participation	Coaching session
D1237	EI35	Enterprise iLembe - Enterprise	GP06	Chief Executive Officer	Number of strategic plan for EI with clear measurable targets reviewed by the board by deadline	Number	Compliance and good Governance		Good Governance and Public Participation	Multi year strategic plan
D1238	EI36	Enterprise iLembe - Enterprise	GP06	Chief Executive Officer	Number of board meetings & board sub-committee meetings held to ensure effectiveness of Board of Directors by deadline	Number	Compliance and good Governance		Good Governance and Public Participation	Good Governance
D1239	EI37	Enterprise iLembe - Enterprise	GP06	Chief Executive Officer	Number of Audit Committee meetings held by deadline	Number	Compliance and good Governance		Good Governance and Public Participation	Audit Committee
D1240	EI38	Enterprise iLembe - Enterprise	GP06	Chief Executive Officer	Number of Audit Committee reports submitted to the Board by deadline	Number	Compliance and good Governance		Good Governance and Public Participation	Audit Committee
D1315	EI	Enterprise iLembe - Enterprise	GP06	Chief Executive Officer	Number of reports on the status of Enterprise iLembe to the Municipal Manager by the 10th day after every quarter has ended	Number	Compliance and good Governance	Number of reports on the status of Enterprise iLembe to the Municipal Manager by the 10th day after every quarter has ended (EI-TL081)	Good Governance and Public Participation	Monitoring of the Entity
D1340	EI11	Enterprise iLembe - Tourism, Marketing & Communications	LED03	Manager: Tourism, Marketing & Communications	Number of activities conducted for implementation of KwaShuShu Hotspring Project by deadline	Number	To capitalise on tourism potential of the district		Local Economic Development	Tourism Marketing & Development
D1341	EI21a	Enterprise iLembe - Enterprise	LED05	Manager: Enterprise Development	Number of SMMEs assisted to participate in the iLembe Entrepreneur competition (2021/2022)	Number	To ensure job creation		Local Economic Development	To promote Entrepreneurship
D1342	EI24	Enterprise iLembe - Enterprise Development	LED05	Manager: Enterprise Development	Percentage of Industrial Development Corporation Business Relief Funding disbursed by deadline	Percentage	To ensure job creation		Local Economic Development	Business Support

Departmental Objective	Budget	Adjusted Budget	Baseline	2020-2021 Annual Target	2020-2021 Annual Actual	Jun-22					Overall Performance for July 2021 to June 2022			
						Original Target	Revised Target	Actual	R	Performance Comment	Original Target	Revised Target	Actual	R
To ensure adequate financial and administration management			2	0	2	0	0	0	N/A		0	0	2	R
To ensure adequate financial and administration management			80,00%	100%	80%	100,00%	100,00%	92,00%	R	Some of the actions are beyond the control of the Entity, eg. SARS and DOE. Still awaiting responses from them.	100,00%	100,00%	92,00%	R
Budget & monitoring against predetermined objectives			4	4	4	4	4	4	G		4	4	4	G
To ensure good governance and provide Mandate aligned strategic direction			1	1	1	1	1	1	G		1	1	1	G
To ensure good governance and provide Mandate aligned strategic direction	R 962,500	R 862,500	15	13	15	12	15	16	G2		12	15	16	G2
To ensure effectiveness and guidance of the committee in all areas of the entity	R 108,264 (Budget for EI37&EI38)	R 116,000 (Budget for EI37&EI38)	4	4	4	4	4	4	G		4	4	4	G
To ensure effectiveness and guidance of the committee in all areas of the entity			3	2	3	2	2	2	G		2	2	2	G
Unspecified			4	4	4	4	4	4	G		4	4	4	G
To increase visitor numbers to the iLembe District	Refer to EI06 for budget	Refer to EI06 for adjusted budget	0	0	0	0	2	1	R	SP not appointed due to delays in advertising the tender (treasury regulations)	0	2	1	R
Unspecified	R 150, 000	R 150, 000	0	1	0	0	10	10	G	Target is met	0	10	10	G
Co-ordination of LED in the District		R 5000, 000	0,00%	0,00%	0,00%	0,00%	50,00%	41,00%	R	Out of R5 000 000, we have to date only received R2 500 000. Progress Report indicating how we got to 41% where, to date there has been a total spend of R1 020 959 over a total funding of R2 500 000 [R1 020959/R2 500 000]=41%	0,00%	50,00%	41,00%	R

Overall Summary of Results			
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0
R	KPI Not Met	0% <= Actual/Target <= 98.999%	9
O	KPI Almost Met	99.000% <= Actual/Target <= 99.999%	0
G	KPI Met	Actual meets Target (Actual/Target = 100%)	19
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	5
B	KPI Extremely Well Met	150.000% <= Actual/Target	7
	Total KPIs:		40

2.4.1 HIGHLIGHTS ON ACTUAL PERFORMANCE BY ILEMBE DISTRICT PMU

KEY PERFORMANCE AREA (DEPARTMENT)	TOTAL KPI'S	TARGET MET	TARGET NOT MET
Enterprise iLembe	40	31	9



NATIONAL KPA'S	TOTAL KPI'S EXCLUDING N/A	TARGET MET	TOTAL TARGET MET %
Local Economic Development	31	26	84%

Enterprise iLembe continues to improve co-ordination of Local Economic Development in the District. Implements and ensures sustainability of projects to upscale agriculture development in the district. Capitalises on tourism potential to increase visitor numbers in the district. Increases manufacturing output in the district to attract interest in investment. And ensures job creation by identifying and packaging new projects in existing sectors.

2.4.1.1 PERFORMANCE HIGHLIGHTS AS PER THE TOP LAYER SDBIP AND NATIONAL KPA

In terms of open fields 20 new and existing farmers are being supported by the Entity. A total of 2 new markets were secured for capacitated farmers. Mandeni vineyards site has been repurposed and converted into open fields. It should be noted that, only workers from Mandeni were willing to formalise themselves into a cooperative and pursue the open field initiative and the agricultural team is monitoring the project

There was an increase in wine sales by 71% when compared to target of 68.70%. Increased visitors to the wine cellar after COVID-19 lockdown restrictions and lifting of alcohol bans. Also increased marketing and promotions of the wine cellar.

Tourism marketing and development, 5 exhibitions were attended - Tourism KwaZulu sponsored the cost of the exhibition space of 2 shows which enabled Enterprise iLembe to participate in an additional 2 exhibitions and exceeded the target of 3,8 adverts/advertorials were in relevant publications, 1 official tourism travel guide for 2022/2023 was developed and 2 tourism industry research performance reports were prepared. Two progress reports were prepared on the investment promotion strategy.

There was an annual increase of tourists to iLembe by 60%, when compared to target of 2%. Implementation of the tourism economic recovery plan as well as the easing of COVID-19 lockdown restrictions and lifting of travel bans saw an increase in the number of tourists to the region.

Three tourism training for SMMEs were held. The iLembe District Tourism Forum held 4 meetings. Two Business Confidence Indexes developed. Rand value of investment is R 1, 800,000,000 against a target of R 100,000,000 for the Club med resort planned for Tinley Manor North.

To increase investment within the district, 5 marketing platforms for investment promotion were held. Two progress reports on the implementation of investment promotion were prepared.

Eight stakeholder engagements were hosted/attended. Due to the lifting of COVID-19 restrictions on events/gatherings we were able to participate in more stakeholder engagements than originally planned for, which was 3.

Two Impact assessment reports prepared on iLembe incubator, 117 of co-operatives/SMMEs trained on basic business management skills. Six programmes implemented for capacity building and mentorship support for small enterprises within the current financial year that is;

1. The IDC Business Recovery
2. The iLembe ITC Project
3. Digital Centre Programme
4. The FoodBev Programme

5. The iLembe Chamber Entrepreneurship Competition

6. The Spar Group Agri SMME Food Safety Programme.

14 engagement sessions with local businesses to identify and package new projects in existing sectors, when compared to target of 11. This is due to the recent Provincial incidents of the unrest and the floods, where there has been more focus on engaging SMME's on these crises to assist businesses to access opportunities. Ten SMME's assisted to participate in the iLembe Entrepreneur competition in 2021/2022 financial year. Six progress reports prepared on the Enterprise iLembe incubator SMME's participating in iLembe Entrepreneur Competition.

In terms of the adoption the Integrated development plan, all activities were done to ensure adoption, the deadline date for the draft 2022/2027 IDP was March 2022. Accordingly, the Final Framework and Process Plans which set out the process to be followed in preparation for the 2022/2027 was adopted by Council on 24 August 2021. The final 2022/2023 IDP was adopted on 27 May 2022. A total of 6 planning and infrastructure alignment meetings were held. Quarterly reports were prepared on the on implementation of District Growth and Development Plan (DPSS) and the spatial development programme.

In terms of financial viability within the Entity, all MFMA Section 87 (11) monthly financial information reports are submitted to the District by deadline. Annual Financial Statements submitted to AG by 31 August 2021. Cost coverage is at 3.71:1 and Cash flow management is at 93 days. There were delays in procurement and spending due to the suspension of regulations. Some projects have been moved to the next financial year.



2.4.1.2 CHALLENGES AND MEASURES TO IMPROVE PERFORMANCE AS PER THE TOP LAYER SDBIP AND NATIONAL KPA

CHALLENGES	MEASURES TO IMPROVE PERFORMANCE/ CORRECTIVE MEASURES
LOCAL ECONOMIC DEVELOPMENT	
<p>TL413/D1208– Number of projects handed over to co-operatives – actual is nil against a target of 4</p> <p>- Implementation of Ownership Model has started and its ongoing. Entity has advertised for repairs for both Mandeni and Maphumulo in May 2022 however there were no responsive bids. Entity has advertised again in July 2022 for both sites. Potential technical partners were interviewed however they all indicated that they do not have the capital to repair. There was no budget for tunnels as there was an indication from the Board that they should be transferred as they are. Engagements with potential technical partners made it clear they do not have capital to repair. Entity had to get funds to repair hence the processes that have started to repair the tunnels.</p>	<p>Entity is anticipating to appoint a service provider to repair the tunnels in August 2022.</p> <ul style="list-style-type: none"> • The repairs will take a period of three months. • This will be done concurrently with the implementation of the ownership model process. • Mlamula tunnel is fully operational and the workshop for Ownership Model will commence in August.
<p>TL419/D1219 - District Wide Incentive Scheme developed and adopted. The request for proposals was issued in February however there were no responsive bids received. The re-advertisement was issued on July 2022.</p>	<p>The incentive scheme will be developed in the 2022/23 financial year, subject to the finalization of the procurement process</p>
<p>TL441 - Number of District Development Model/ One plan adopted by Exco/Council – not done. The draft District Development - One Plan is in place, however, it has not been adopted by the Political Hub. Inputs and/or comments from Sector Departments and State-Owned Entities were requested in writing through correspondence dated 10 June 2022. In addition, the last core team meeting was held on 07 July 2022 where the Draft DDM was presented and endorsed for submission to the respective clusters for inputs,</p>	<p>The approval from the Technical and Political Hub is awaited.</p>

D1340 – One out of two activities were conducted for implementation of KwaShuShu Hotspring Project, that is Terms of Reference finalised, Tender advert placed in newspaper publication and website. Service Provider not appointed due to delays in advertising the tender (treasury regulations).	SCM processes underway, Service Provider will be appointed within the first quarter of the next financial year.
D1342 – 41% of Industrial Development Corporation Business Relief Funding disbursed by 30 June 2022, when compared to target of 50%. Out of R5 000 000, we have received R2 500 000 to date. Expenditure is at R1 020 959 over a total funding of R2 500 000.	The balance of R2 500 000 to make the total funding of R5 000 000 will be received in the next financial year.
D1231 – Entity's operational budget expenditure is at 84% against a target of 100%. There were delays in procurement and spending due to the suspension of regulations.	Some projects have been moved to the next financial year.
D1232 – AG opinion for 2020/2021 financial year was unqualified, whereas target was clean audit.	Entity will embark on operation clean audit for the 2021/2022 financial year. Internal Audit will do a full audit on interim AFS as at mid-term
D1234 – There are two (2) repeat findings in the 2020/2021 Auditor – General's management report, for the Entity. This related to penalties and interest imposed by SARS due to the re-submission of prior period vat returns. The returns were re-submitted during the 2019/2020 financial year. The fruitless and wasteful expenditure identified related to resubmissions that were made to SARS pertaining to previous financial years and the Entity was not aware that these will be imposed.	The Entity will engage SARS to request a remission of this cost as these were not late submissions but rather a correction of prior periods.
D1235 - Monitoring progress on 2020/2021 audit action plan – actual is 92% against a target of 100%. Some of the actions are beyond the control of the Entity, e.g. SARS and DOE. Still awaiting responses from them.	This will still be updated before AG commences with audit should there be any movement

2.5 RISK MANAGEMENT

The Enterprise iLembe takes risk management seriously hence efforts were made to minimise the risk exposure to a minimal level in all its business operations. The Accounting Officer commits the entity to a process of risk management that is aligned to the principles of good corporate governance, as supported by the Municipal Finance Management Act (MFMA). The Accounting Officer has elevated the status of risk management by ensuring that Executive Management are the members of the Risk Management Committee.

The Audit Committee is furnished with quarterly progress updates on the implementation of mitigating strategies on risks the entity is faced with to strengthen the control environment. The Audit Committee therefore advises the entity on risk management matters and independently monitors the effectiveness of the system of risk management. The entity is gradually developing into more robust risk management culture although there are human resource capacity challenges as the Risk Management Officer is seconded from the District Municipality.

The entity continues to implement the approved risk management framework. Its guides risk management process and instil risk management culture within the institution. The risk assessments are conducted to determine the effectiveness of risk management policy and to identify new and emerging risks. Risks are identified through risk assessment sessions as well as through the entity's strategies and subsequently the risk register is updated.

Moreover, the entity has a Risk Management Committee (Chaired by an external member) that advises management on the overall system of risk management, especially the mitigation of unacceptable levels of risk. The committee mainly facilitates the management of risk facing the entity and ensures appropriate action is taken to address those risks.

The organisational performance for the 2021/2022 financial year in terms of implementation of risk mitigation strategies is at 69%, this demonstrates that there is some enhancement in the Enterprise iLembe's risk management culture and the management's involvement in embedding their risk responsibilities in the day-to-day operation of the organisation however there is still room for improvement as Management need to ensure that the risk register has risk responses that will be impactful in reducing the risk exposure, once implemented.

BELOW ARE THE TOP 15 RISKS AS PER THE ENTITY'S RISK REGISTER FOR 2021/2022

STRATEGIC RISKS	OPERATIONAL RISKS	FRAUD RISKS
Failure to attract new investors and retain existing business within the manufacturing sector.	Ineffective records management	Manipulation of the three-quote procurement system by officials in collusion with suppliers.
Failure to strengthen the institutional capacity via an appropriately skilled, experience and productive workforce.	Non-screening of applicants (HR)	Acceptance of bribes / extortion by officials and councillors from suppliers (Kickbacks) in order to influence / manipulate the award of contracts or payments to suppliers.
Inadequate systems of good governance.	Inadequate involvement in other agriculture activities other than plant growing	Misrepresentation of experience and fabrication of qualifications by job applicants.
Inability to facilitate Local Economic Developments through agriculture	Safety of staff during the social facilitation duties	Favouring relatives and use of influence by senior officials and board in the HRM process.
Failure to recognise ICT as a strategic enabler.	Inadequate facilitation of funding for SMMEs	Inadequate fuel management resulting in theft of fuel.
	No structured programme to capacitate SMMEs	Leaking of confidential information to external parties for financial gain and to tarnish the image of the entity.

2.6 FRAUD AND CORRUPTION

The entity continues to implement the approved anti-fraud and corruption strategy. This strategy features mechanisms in place to report fraud and corruption.

The entity recognises that to effectively prevent fraud, all fraudulent activities detected by employees and other stakeholders are timeously investigated. All allegations received through the recently procured corruption hotline that are fraudulent in nature are referred to for investigation. The independent investigations will be conducted, recommendations will be implemented and institute consequence management where necessary.

The entity has improved mechanisms in place to mitigate the fraud and corruption risks. The focus area is to create awareness of the anti-fraud and corruption strategy through education and communication.



Chapter 3

SERVICE DELIVERY AND PERFORMANCE HIGHLIGHTS

3.1 PROJECTS UNDERTAKEN

3.1.1 MULTI-YEAR FUNDED PROJECT/S

PROJECT NAME	PROJECT DESCRIPTION & STATUS QUO
AGRI-HUBS PHASE 1 & 2	<p>Budget Allocation 2021/2022 – R200 000</p> <p>Expenditure as at 30/06/2022 – R 165 426, 45</p> <p>Project Funder/s: DCOGTA</p> <p>The project involves the establishment 8 hydroponic tunnels each located within the 4 Local Municipalities of iLembe. The ultimate objective is to supply high quality vegetables to national and international markets through the Dube Tradeport.</p> <p>A total of 8 2600m2 tunnels were constructed in-line with the GAAP standards. Unfortunately, most of the tunnels were damaged due to heavy rains and flood damage. Four [4] tunnels are in a process of being repaired and the process will commence in the 2022/23 financial year. A local technical partner has been appointed to operationalize the other two [2]tunnels, where planting and harvesting of sweet pepper and spinach has started, which is being supplied to Boxer and Pick n` Pay as an alternative market. A total of five [5] Youth has been employed at the tunnels on a temporary basis.</p> <p>There are plans to expand the last two [2] tunnels into a larger Hydroponic Tunnels precinct project to maximize the economies of scale, the following deliverables for the precinct project has been achieved, which includes the borehole drilling; cconstruction of the packhouse; ablution facilities; pprocurement of computers ; which will be followed by the pprocurement of production inputs once the project has been completed.</p> <p>Engagements and workshops with Traditional council are ongoing for the implementation of the ownership model.</p>

**MANDENI YOUTH ENTERPRISE
PARK**

COGTA GRANT FUNDED PROJECT BUDGET 22/23: R 6 000 000

Expenditure as at 30/06/2022 – R 5,990,178.49

Project Funder/s: DCOGTA

- The project entails the construction of a park that will accommodate Youth Enterprises in a structured marketplace, with an objective to stimulate entrepreneurship opportunities for Youth within Mandeni Local Municipality. The Project Management Team and Project Steering Committee structures are in place and they play a technical and an oversight role in the implementation of the project.

- Phase one of the project which included the operational plan and detailed designs was completed and the construction of the project commenced in 2020, however a request for extension of the project was submitted to KZN CoGTA from the initial deadline 31st of March 2021 to 30 of June 2022; due to delays experienced because of theft of containers; COVID-19, and poor workmanship from the previous main contractor.

The construction component of the Mandeni Youth Enterprise Park Project is partially completed with minor connections to be actioned. Enterprise iLembe is currently working with Mandeni Local Municipality to obtain the project occupation certificates. As part of the value add; Enterprise iLembe has installed a free wi-fi to the Mandeni Youth Enterprise Park as a pilot for a period of three [3] months, to assess the appetite from the project beneficiaries and the public, as a way for build a business case to motivate for further funding to expand the project. KZN-CoGTA is in the process of securing a date for the Project Launch from the Office of the MEC.

3.1.2 LED PROJECTS

Other projects that were completed/finalised but which still required oversight and monitoring and evaluation included the following:

NO	NAME	LOCATION	STATUS
1	Biomass Conversion Combination Plant	Isithebe Industrial Estate	Managed and operated by Phambili Energy
2	Public Wifi	Mandeni & Maphumulo LM	Operational
3	iLembe Open Fields	District Wide	Local Farmer Cooperative Support – Ongoing
4	iLembe Business Incubator	KwaDukuza LM – District Wide	SMME and Entrepreneurship Support
5	KwaShuShu & Ntunjambili Tourism Sites	Maphumulo LM	Feasibility, Business Plan & Concept Designs completed. Investment Prospectus completed

3.2 CAPITAL USED

REVENUE	ACTUAL	BUDGET	VARIANCE
	2022	2022	2022
	R	R	%
Opening accumulated surplus	29 354 052	28 994 278	1%
Operating income for the year	39 973 707	48 913 632	-18%
Total	69 327 759	77 907 910	
EXPENDITURE			
Operating expenditure for the year	38 915 609	45 540 440	-15%
Closing accumulated surplus	29 439 653	32 367 470	-6%
Total	68 355 262	77 907 910	

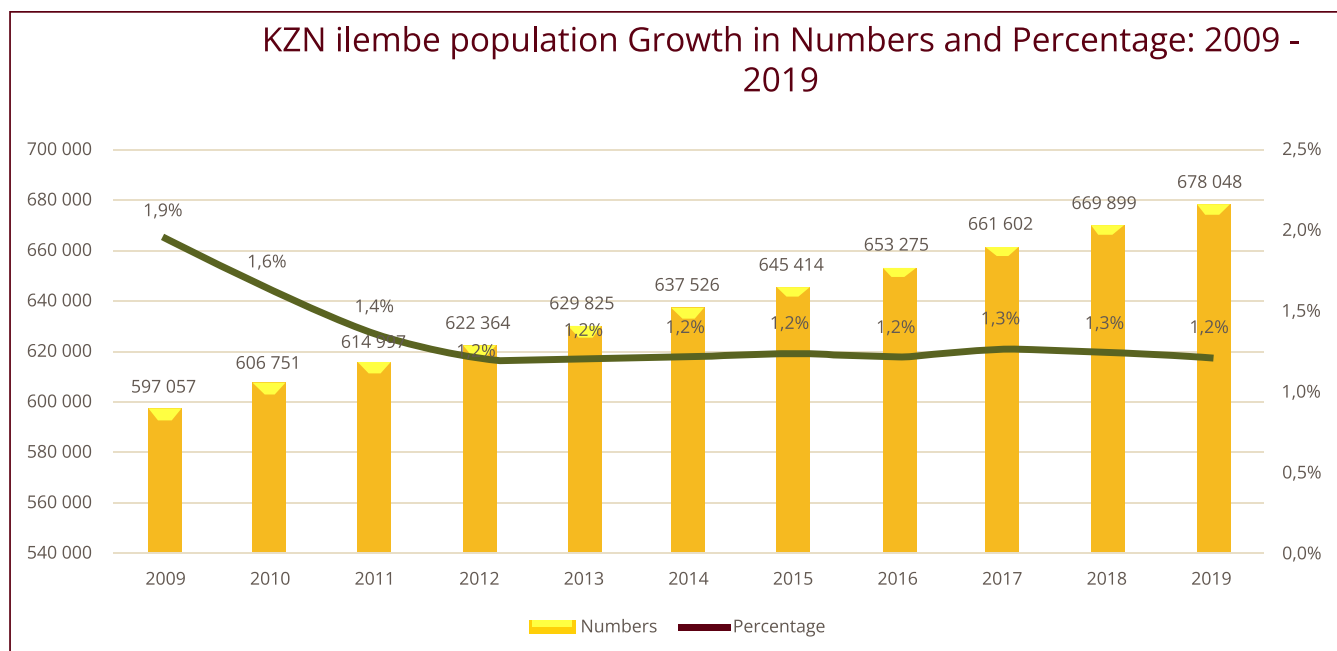
PROJECT DETAILS ARE SET OUT IN THE TABLE BELOW

PROJECT NAME	UNSPENT GRANTS 30 JUNE 2022
UIF Grant	987 618
IDC Grant	1 608 910
COGTA YEP Grant	8 541
Tourism - IDM	297 860
EDTEA KwaShushu Grant	2 173 913
MICT SETA Grant	1 689 413
Development of SMMEs - IDM	50 010
Totals	6 816 265

3.3 JOB CREATION & SKILLS DEVELOPMENT

3.3.1 DEMOGRAPHICS & UNEMPLOYMENT RATE

Between 2007 and 2016, the district had the fastest population growth in KZN. According to the 2019 community survey the population of iLembe has grown to 669 748 people. According to global insights, from 2009 to 2019, the population experienced compound annual growth of 1.5%, 0.7% higher than the South African average growth over the same period. The 2018 KZN Citizens Satisfaction Survey indicates that the accelerated growth in population contributed at least 15.7% to the province's population changes.



3.3.2 EMPLOYMENT AND SKILL LEVELS

Despite its strategic location to significant economic activities, iLembe is not immune to the challenges facing the country. The district has a Gini Coefficient Index of 0.6, which is considered a significant income disparity. However, with the South African and KZN coefficient sitting at 0.7, iLembe's society is comparatively more equal.

The labour force within iLembe District is mainly semi-skilled to low skilled: an estimated 48.8% of the labour force is semi-skilled, 32.3% considered low skilled, and 18.9% considered skilled.

The agriculture, forestry and fisheries sector are dominated by a low skilled labour force. The graph below shows that an estimated 60.6% of the labour force is low skilled, about 35.4% is semi-skilled, and only 4% is skilled labour. The agriculture, forestry and fisheries sector labour force skill levels are illustrated in the graph below.

The manufacturing sector is dominated by a semi-skilled labour force accounting for at least 67.6%, low skilled labour accounting for 20.8%, and skilled labour accounts for 11.6%.

The services sector, the dominant sector in terms of Gross Value Added (GVA) contribution within the district, has a comparatively high skilled labour force, with 25.7% of those employed in the sector considered skilled, 43.9% considered semi-skilled, and 30.4% considered low skilled.

3.3.3 JOBS CREATED

PROJECT NAME	2020/2021	2021/2022
Tunnels	11	10
iLembe Open Fields	2870 within co-ops	1978 Within co-ops Some are Farms inactive due to: <ul style="list-style-type: none">• NSNP Closure• Floods• Covid-19
Total	2924	1988

3.4 PERFORMANCE MANAGEMENT

The Entity utilises the Service Delivery Budget Implementation Plan (SDBIP) as a performance management tool for the Entity as an organisation. Reporting using this performance plan is conducted on a monthly and quarterly basis to the shareholder; iLembe District Municipality and includes 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 are in the process of being reviewed in line with HR Design and organisational re-structure process. A performance management policy is also being finalised and once approved by the Board will be implemented in the next financial year for each individual staff member. Currently, review and appraisal sessions are conducted by the CEO with the management team. Individual department and managers performance plans are aligned to the Entity's SDBIP.

2021/2022 BUDGET PERFORMANCE

The total annual budget for 2021/2022 financial year for Enterprise iLembe amounted to R48, 9 million for which R17, 9 million was allocated for projects and R31 million was allocated for operations. The Entity heavily relies on the district for funding. The Entity also gets allocations from other spheres of government for projects that have been identified for implementation within the district.

The Entity spent their allocation from the district with just minimal amounts unspent for tourism and the business incubator.





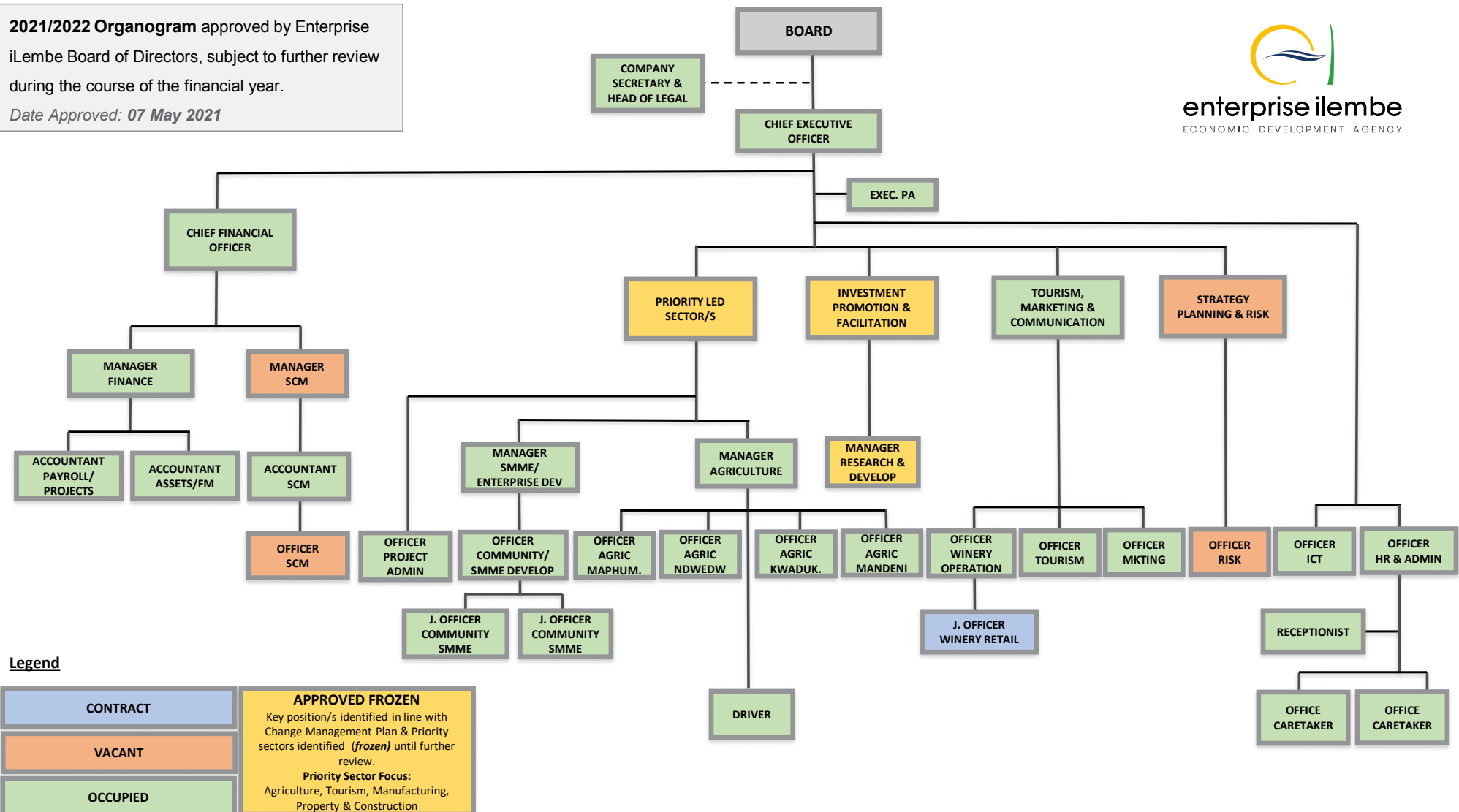
Chapter 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

4.1 ORGANISATIONAL STRUCTURE 2020/2021

2021/2022 Organogram approved by Enterprise iLembe Board of Directors, subject to further review during the course of the financial year.

Date Approved: 07 May 2021



APPOINTMENTS IN THE 2020/2021 FINANCIAL YEAR

NO	JOB DESIGNATION	TYPE	START DATE
1	SCM Officer	Contract	01/07/2021
2	Company Sec & Head of Legal	Contract	01/09/2021
3	Chief Executive Officer	Contract	01/10/2021
4	Incubator Caretaker	Contract	01/02/2022
5	Tourism Officer	Acting	13/06/2022

RESIGNATIONS/CONTRACT END DURING 2020/2021 FINANCIAL YEAR

NO	JOB DESIGNATION	REASON	END DATE
1	Company Sec & Head of Legal	Resigned	20/12/2021
2	Marketing Officer	Resigned	01/02/2022
3	Tourism Officer	Resigned	01/06/2022



4.2 INSTITUTIONAL TRANSFORMATION & EMPLOYMENT EQUITY AS AT 30 JUNE 2022

In compliance with the Employment Equity Act, 55/1998, the Enterprise iLembe's Employment Equity Plan has been crafted with the aim to remedy any form of discrimination in the workplace by removing all barriers in the employment policies, practices. Affirmative Action has been defined as the tool to implement immediate positive remedial action. Programs and procedures to address both historic and existing inequalities and imbalances of the past are being implemented.

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

DESIGNATION	NUMBER	MALE	FEMALE	BLACK	WHITE	INDIAN
Board	7	4	3	6	1	-
CEO	1	1	-	1	-	-
CFO	1	-	1	1	-	-
Executive Managers	1	-	1	-	-	1
Managers	3	2	1	3	-	-
Contracts	1	1	-	1	-	-
Other staff	18	7	11	15	2	1
Total Staff	25	11	14	21	2	2



Chapter 5

FINANCIAL PERFORMANCE AND RELATED INFORMATION

	Series 1	Series 2
Jan	9.38	5.52
Feb	8.27	7.29
Mar	5.42	7.51
Apr	0.70	0.24
May	0.35	9.99
Jun	8.01	0.91
Jul	8.54	8.08
Aug	7.79	8.71
Sep	8.17	5.70
Oct	9.71	7.19
Nov	5.45	5.90
Dec	6.16	2.43

1/1/2016
1/2/2016
1/3/2016
1/4/2016
1/5/2016
1/6/2016
1/7/2016
1/8/2016
1/9/2016
1/10/2016
1/11/2016
1/12/2016

5.1 CHIEF FINANCIAL OFFICER'S REPORT

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 its daily operations. With the limited resources the Entity has, some of the objectives as set for the year ended 30 June 2022 have been met, however, not all projects could be embarked on due to the suspension of procurement regulations during the second quarter of the financial year. This caused major delays as the exemptions were only applied for and approved towards the end of third quarter. By the time the suspension was lifted, it was towards the latter part of the financial year. These projects have been rolled over into the next financial year. The Entity has managed, to a certain extent, to fulfil its objective and mandate as given, which is the provision of the Local Economic Development within the iLembe District, which includes the promotion of tourism and investment, this through several sectors where impact has been made. The effects of COVID-19 were not hard felt in the current financial year as the regulations were lifted, with the decrease in the number of infections.

The funding sources currently available for the Entity includes allocations from IDM, government grants for various projects and interest earned from investments. Some of the grants were rolled over from the previous financial years.

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	ACTUAL 2022 R	BUDGET 2022 R	VARIANCE 2022 %
Opening accumulated surplus	29 354 052	28 994 278	1%
Operating income for the year	39 973 707	48 913 632	-18%
Total	69 327 759	77 907 910	
EXPENDITURE			
Operating expenditure for the year	38 915 609	45 540 440	-15%
Closing accumulated surplus	29 354 152	32 367 470	-6%
Total	68 269 761	77 907 910	

An amount of R 8 785 178 was spent on projects during the 2021/22 financial year as follows:

PROJECT NAME	EXPENDITURE 2021/22
UIF Grant	29 072
COGTA YEP Grant	1 266 209
Tourism IDM Grant	1 747 374
LED IDM Grant	1 730 270
Development of SMMEs	3 121 164
IDC Grant	891 090
Totals	8 785 178

One of the challenges that Enterprise iLembe faced during the 2021/2022 financial year, was the suspension of procurement regulations which caused delays in the implementation of projects.

An amount of R0, 6 million pertaining to the previous financial years remains outstanding from the Department of Education. A meeting is yet to be secured to discuss the recovery of this amount.

UNSPENT CONDITIONAL GRANTS

The following amounts with regards to conditional grants were unspent as at 30 June 2022:

PROJECT NAME	UNSPENT GRANTS 30 JUNE 2022
UIF Grant	987 618
IDC Grant	1 608 910
COGTA YEP Grant	8 541
Tourism - IDM	297 860
EDTEA KwaShushu Grant	2 173 913
MICT SETA Grant	1 689 413
Development of SMMEs - IDM	50 010
Totals	816 265

The application for the roll-over has been submitted to the respective departments and figures will be confirmed as soon as unspent amounts are audited by Auditor General.

ACCUMULATED SURPLUS

The accumulated surplus as at 30 June 2022 was R 29 449 802 (30 June 2021 was 29 354 052)

CASH AND CASH EQUIVALENTS

As at 30 June 2022 the cash and cash equivalents balance were as follows:

DETAILS	R
Cash at bank	2 284 544
Current Investments	18 098 465
Total	20 383 009

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, working together towards a common goal.

It is in this spirit that I would like to extend heart-felt appreciation to the Chairman of the Board, the Board Members, the Audit Committee, Internal Audit, the Acting Chief Executive Officer, 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.N. Mthembu

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S.N. Mthembu

Chief Financial Officer

5.2 REPORT OF THE AUDIT COMMITTEE

1. OBJECTIVE

The purpose of this report is to present the Audit Committee’s progress in carrying out its oversight responsibilities for the financial year ended 30 June 2022.

2. TERMS OF REFERENCE

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA and any other applicable legislation and / or policies and any other issues referred to it by the Entity.

The Audit Committee is also required to fulfill the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to the Board on matters raised by the Auditor General and carry out investigations into the financial affairs of the Entity.

3. AUDIT COMMITTEE COMPOSITION AND ATTENDANCE

The Audit Committee comprises three independent members. The members have diverse skills and experience. The term for audit committee members commenced in May 2018 and terminated in April 2021, however this was renewed by the District on a month-to-month basis until the elections. The new audit committee was officially appointed on 1 June 2022.

An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.

The table below sets forth the membership and attendance at meetings of the committee for the period under review. There were five meetings held for the period under review.

Names		No of Meetings	11 Aug 2021	22 Oct 2021	02 Dec 2021	24 Feb 2022	25 Apr 2022
	Role	Attended					
Ms C Gertze	Member	5	✓	✓	✓	✓	✓
Ms B Zulu	Member	5	✓	✓	✓	✓	✓
Mr S Hlophe	Chairperson	5	✓	✓	✓	✓	✓

THE FOLLOWING ARE STANDING INVITEES TO THE AUDIT COMMITTEE MEETINGS:

- Representative from Auditor-General (AG)
- Representatives from Provincial Treasury and COGTA
- Internal Audit
- The Risk Management Committee Chairperson

4. AUDIT COMMITTEE'S RESPONSIBILITY

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Board annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In this report, under relevant headings, we have summarized the activities and progress we have undertaken in executing of our mandate:

4.1 INTERNAL AUDIT AND INTERNAL CONTROL

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

The internal audit function of the Entity is currently outsourced to ASI (Assurance and Advisory Inc).

The Audit Committee approved the Internal Audit Plan for 2021/2022 financial year. Internal Audit reports were presented to the Audit Committee during this period and it was noted that the audit plan was executed in full. There were various issues and concerns raised by the audit committee during the year, which were dealt with and mostly resolved. These include the following:

- It was noted that there was currently no performance management control for the Entity and even the systems in place are not yet formalized. The committee advised management to formalize performance management system across all levels of employees. It was also noted that Vuthela through LEAD HR Consulting is assisting with the process.
- The audit committee also raised a concern regarding the decentralization of the SCM unit, querying why the SCM Manager position had not been filled. The committee noted that the process with Vuthela also included the restructuring and finalization of positions. The additional capacity within the SCM unit in the form of interns was noted.
- The committee was also concerned about the outstanding DOE debt, which is long outstanding and could not be written off as it was a government debt. It was noted that the Deputy Chairperson of the Board, who also served as Chief Director: Financial Services for DOE will look into the matter.
- On the audit of the draft 2021/2022 annual financial statements (AFS), the Audit Committee noted the report presented by internal audit on their findings on the AFS reviewed. The committee also noted that most findings had already been resolved by management, with just two outstanding (DOE debt and SARS response for the request for remission). Management was urged to try clear all internal audit findings and produce AFS that are free from material misstatements.

4.2 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 during the start of the financial year and the top key risks were identified, measured and prioritised and the updated risk register as reviewed and approved by the Audit Committee was adopted in October 2021 by the Board. Risk management reports are presented to the Audit Committee during its meetings.

It was also noted that the Risk Management Committee, under an independent Chairperson was fully functional. The status of ICT related security policies was noted and that they were being finalized for submission to Board. The committee also noted that the Entity was being assisted by the district, who seconded a resource to assist with risk management issues and updates and monitoring of the risk registers.

The Audit Committee is comfortable with the level at which risk is managed by the Entity and commended Management.

4.3 ICT GOVERNANCE AND ICT OPERATIONS

ICT is the integral part of the organization. There has been improvements within the ICT function with the Entity resolving to have this function in-house and the appointment of an ICT Officer who is currently assessing the infrastructure and other ICT related resources that the Entity will need going forward.

4.4 EVALUATION OF FINANCIAL REPORTS AND ANNUAL FINANCIAL STATEMENTS

For the reporting period under review, the Audit Committee was able to evaluate the following:

- The quarterly Annual Financial Statements (AFS) were presented by management, which is commendable as it assists in eliminating issues being raised at the financial year end and addressed at the earliest convenience. The 2021/2022 AFS were also presented to the Audit Committee at the meeting held on 24 August 2022. The Audit Committee reviewed the AFS through scrutiny and engagement with management together with Internal Audit as the AFS were reviewed by Internal Audit. Internal Audit provided assurance to the committee that through their review, the AFS were free from material misstatements and that if the few findings outstanding are resolved, the AFS will be ready for submission to AG.
- With regards to Audit Action Plan, management confirmed that the issues raised by AG are being attended to, with the percentage of progress sitting at 93%, at the date of submission of the report. We evaluated this through an Action Plan progress report submitted to Audit Committee. We are satisfied that these matters are addressed adequately. The two outstanding issues are currently beyond management control, one being the response from SARS on the reversal of interest and penalties and the outstanding DOE debt.
- Compliance issues were also noted and reviewed through the SCM report presented by the CFO quarterly to the committee. This includes, deviations, irregular, fruitless and wasteful expenditure. There were no issues of irregular expenditure picked up and reported during the current financial year. There was a deviation noted, which was presented and approved as it was in terms of legislation. There was no fruitless and wasteful expenditure recorded for the current financial year.

4.5 PERFORMANCE INFORMATION

The Audit Committee also serves as the Performance Audit Committee for the Enterprise. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

With regards to APR this was reviewed through scrutiny and engagement with management. We are satisfied of the progress made at an organizational level.

5. 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.
- Internal audit to prepare an annual plan that incorporates all the functions of the Audit Committee and not just limited to the audit function.

6. CONCLUSION

The implementation and maintenance of proper systems of internal controls, risk management, the prevention of fraud and errors, safeguarding of the assets of the enterprise and compliance with relevant laws and regulations, are the responsibility of the Board. The role of the audit committee is to monitor the efficiency of the procedures and mechanism which the Board has put in place in order to ensure that its policies and procedures are adhered to.

The Audit Committee remains committed in assisting and supporting the Board in the execution of its mandate and towards managing the financial affairs in accordance with the law.

On behalf of the Audit Committee



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Silas Hlophe

Chairperson of the Audit Committee

January 2023



5.3 REPORT OF THE AUDITOR-GENERAL

Report of the auditor-general to KwaZulu-Natal Provincial Legislature and the council on iLembe Management Development Enterprise (Pty) Ltd

Report on the audit of the financial statements

OPINION

1. I have audited the financial statements of the iLembe Management Development Enterprise (Pty) Ltd set out on pages 83 to 132 which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iLembe Management Development Enterprise (Pty) Ltd as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

OTHER MATTER

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

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

8. The accounting authority 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.
9. In preparing the financial statements, the accounting authority is responsible for assessing the municipal entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

INTRODUCTION AND SCOPE

12. 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 on the usefulness and reliability of the reported performance information against predetermined objectives for the selected key performance area presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipal entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. 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 Local Economic Development key performance area presented in the entity's annual performance report for the year ended 30 June 2022.
15. I performed procedures to determine whether the reported performance information was properly presented and whether performance 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.
16. I did not identify any material findings on the usefulness and reliability of the reported performance information for the selected key performance area.

ACHIEVEMENT OF PLANNED TARGETS

17. Refer to the annual performance report on pages 30 to 38 for information on the under- and over achievement of planned targets for the year.

Report on the audit of compliance with legislation

INTRODUCTION AND SCOPE

18. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
19. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

20. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements in respect of cash flow disclosure, current liabilities and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided, resulting in the financial statements receiving an unqualified audit opinion.

Other information

21. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected key performance area presented in the annual performance report that have been specifically reported in this auditor's report.

22. My opinion on the financial statements and findings on the reported performance information and compliance with legislation does not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
23. 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 key performance area presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
24. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

25. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
26. The review of the annual financial statements was not adequate as numerous material misstatements were identified and subsequently corrected.

AUDITOR - GENERAL

.....
Petermaritzburg

30 November 2022



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE - AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for the selected key performance area and on the municipal entity's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
 - identify and assess the risks of material misstatement of the 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 the accounting authority;
 - conclude on the appropriateness of 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 relating to events or conditions that may cast significant doubt on the ability of the iLembe Management Development Enterprise (Pty) Ltd 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 my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipal entity to cease operating as a going concern; and
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine 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 communicate 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 provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.





ENTERPRISE ILEMBE

2021 YEAR-END AUDIT ACTION PLAN AS AT 30 JUNE 2022

AG FINDINGS

No.	Audit Finding	Unit	Internal Control	Actions
			Deficiency	
1	Management did not prevent Irregular, Fruitless & Wasteful expenditure	Finance	Management did not adequately review and monitor compliance with the applicable MFMA requirements to ensure that Irregular, Fruitless & Wasteful Expenditure is prevented by the Entity	<p>Fruitless and Wasteful Expenditure</p> <p>Draft a letter to SARS to request remission on the interest and penalties incurred in prior periods, which was a correction of what was previously submitted due to system issues at the time of submission. - 40%</p> <p>Send letter to SARS - 20%</p> <p>Approval by SARS/Board to write-off - 40%</p> <p>Irregular Expenditure - The Irregular Expenditure amounting to R11 053 649.00 (2020) and R2 609 070.35 (2020) was noted by the Board. The Board agreed that the final report on the forensic investigation will guide the treatment of the irregular expenditure. The report was concluded and tabled to the board in July 2021. A resolution by the Board as to the treatment of the irregular expenditure is pending the outcome of a criminal case that has been opened with SAPS. No further action.</p>
2	Receivables from DOE has not been recovered and included in the provision for doubtful debts	Finance	Management did not properly prepare and review the provision raised for debt impairment. No adequate use of the GRAP Framework to ensure reasonability of the provision	<p>1. Draft a letter to DOE requesting payment of outstanding amount.</p> <p>2. Receipt of amount from DOE/Approval of write-off of debt by Board.</p>

Assigned To	Date of Action	Action to Date	% Complete
CFO	30-Jun-22	The entity has gathered supporting documents & submitted a request for reversal to SARS.	60%
CFO	30-Jun-22	A letter has been sent to DOE. No responses were received despite numerous follow-ups. A meeting request has subsequently been sent, a date has not been confirmed, however the entity has been informed that the meeting will be co-ordinated.	50%

3	The VAT receivable balance as per the AFS does not agree with SARS records	Finance	<p>Management did not properly prepare and review the monthly VAT calculations and ensure that the VAT calculations are complete.</p> <p>The financial statements were not adequately reviewed in a timely manner to ensure that they were prepared accurately and completely to ensure that they are fairly presented.</p>	<p>1. Engage with a Tax Practitioner to perform a review of VAT for prior periods - 50%</p> <p>2. Reconcile the SARS balance to the Entity Balance - 50%</p>
4	Recommendations made by the Enterprise's legal representatives not followed up and implemented	Office of the CEO	Management did not implement the recommendations by their legal representative.	Finalize legal review of Phambili energy transaction
5	SCM Department -Manager position vacant for major part of the year	Finance	The SCM Accountant will be the only employee reviewing tender documents. There is currently a lack of division/ segregation of duties. The procurement process can be omitted as the SCM department is under pressure to meet deadlines	To capacitate the SCM department by filling the two vacant positions.

CFO	30-Jun-22	<p>A panel of accounting, tax and related service providers was appointed, however, due to the Constitutional Court judgement which declared the 2017 Preferential Procurement Regulations invalid, the entity was unable to engage with the panel for specific services.</p> <p>An request for exemption from the 2017 PPPFA regulations was sent to National Treasury and was subsequently granted by Treasury on 22 March 2022. The process of appointing one of the panel members for the VAT review was finalised and the review of VAT has commenced.</p> <p>The reconciliation of the Entity balance to the Sars Balance is in progress (July 2020 to July 2021 has been reconciled). Journal entries has been prepared and the reconciliation will be finalized for AG - reconciling the Entity balance to the re-submissions at SARS.</p>	100%
CEO	30-Jun-22	<p>The legal review report has been received from the legal representative and submitted to Board for approval. The recommendations will be implemented as per Board decision.</p>	100%
CFO	30-Jun-22	<p>The position of the SCM Officer has been filled with effect from 01 July 2022. (The appointment letter was sent on 28 June 2022)</p> <p>Further, the entity appointed finance interns to build capacity, pending the finalization of the Vuthela/ Lead HR Project. Two interns were appointed with effect from 03 May 2022.</p>	100%

6	Related parties' amount in the AFS does not agree to the amount disclosed in IDM's AFS.	Finance	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available for audit purposes.	The amount disclosed by IDM is the total amount transferred to the Entity for the year, whereas the Entity only discloses what has been spent for the year on the Related Parties note and the unspent balance under the Unspent Grants note. AG requested that the balance be also disclosed under the Related Parties note which was done.
7	Segment information not presented as required by GRAP 18 "Segment Reporting".	Finance	Management did not take all reasonable steps to ensure that the prepared AFS are accurate, complete and that relevant information per GRAP 18 is disclosed.	This was not included based on how the GRAP standard was interpreted by the Entity (as the understanding was that it applies to services, of which the Entity does not directly provide services and is administrative and functional in nature) - also in consultation with other Entities who had not disclosed this and it was not raised as a finding. Even Treasury was consulted but did not come back with a clear answer. However, because AG insisted that the entire income statement must be translated to Segment Reporting, this was subsequently done.
8	Inaccurate disclosures of amounts on the cash flow statement and the accompanying notes.	Finance	The AFS were not adequately reviewed in a timely manner to ensure that information is fairly and accurately disclosed.	The cash generated from operations balance on the cashflow was correct - it was the reconciling note that had discrepancies due to casting errors. This was subsequently corrected.
9	Other material adjustment to the AFS: *Contingent Asset - Claim against supplier with probable settlement not disclosed in AFS *Capital Commitments not disclosed in AFS	Finance	The AFS were not adequately reviewed in a timely manner to ensure that information is fairly and accurately disclosed.	Contingent Asset - When the legal opinion was sought on the matter, it was to review the agreement between the Entity and Phambili energy due to a dispute currently in place. Subsequent to the appointment of the legal team, Phambili Energy then proposed a settlement option which was not yet accepted by the Entity when audit was finalized. However, on insistence by AG, this was subsequently included on the AFS. Capital Commitments - This was initially not included in the AFS as all our contracts contain a cancellation clause, however as the YEP project is grant funded, this was subsequently include on the AFS.

CFO	30-Jun-22	The difference was disclosed under the Related Parties note on the AFS for the year ended 30 June 2021 and will be treated the same for the coming audits.	100%
CFO	30-Jun-22	Segment Reporting was included on the AFS for the year ended 30 June 2021 and will be part of the AFS going forward.	100%
CFO	30-Jun-22	The figures were corrected on the final set of AFS submitted to AG.	100%
CFO	30-Jun-22	The contingent asset and capital commitments notes were updated on the final AFS submitted to AG.	100%

10	AOPO- the target for the performance indicator is not specific, and the said target is the same as the performance indicator	PMS	Management did not prepare an accurate annual performance report which contains targets that clearly identify the required level of performance. No appropriate review of the annual performance report was performed by management	Management to review the adjusted SDBIP to ensure that all targets meet the SMART principle.
11	AOPO- the reported target is not consistent compared to the planned target	PMS	Management did not prepare an accurate annual performance report whereby reported targets are consistent with planned targets	1.Management to review the adjusted SDBIP to ensure that all targets meet the SMART principle.
12	AOPO- the annual target is not consistent with the unit of measure	PMS	Management did not prepare an accurate annual performance report where the unit of measure for all key performance indicators are consistent with the unit of measure reported on annual targets	1.Management to review the adjusted SDBIP to ensure that all targets meet the SMART principle.
13	Payments due to creditors not settled within 30 days	Finance	Management did not ensure that all payments to suppliers are settled within 30 days of receipt of invoice. Supplier statements were not monitored to ensure payments are made within 30 days	The suppliers are not paid if there are outstanding matters on their side, i.e. work not completed satisfactorily or tax matters not in order. This was communicated to AG and CSD reports as well as letters from suppliers provided.

LED	31-Mar-22	Management has reviewed the adjusted SDBIP.	100%
LED	30-Jun-22	Management has reviewed the adjusted SDBIP.	100%
PMS	30-Jun-22	Management has reviewed the adjusted SDBIP.	100%
CFO	30-Jun-22	No further action	100%



Chapter 6

ANNUAL FINANCIAL STATEMENTS REPORTING

6.1 FINANCIAL STATEMENTS & RELATED INFORMATION

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

REGISTRATION NUMBER: 2006/032665/07

General Information

Country of Incorporation	South Africa
Legal form of Entity	Private Company Registered with the Companies Act of South Africa
Company Registration Number	2006/032665/07
Vat Registration Number	4610255624
Income Tax Reference Number	9355953150
Nature of business	Local Economic Development, Trade & Investment Promotion
Chief Executive Officer	Mr Linda Mncube
Chief Financial Officer	Ms Sinegugu Mthembu
Company Secretary	Vacant - The incumbent started on 1 September 2022 and resigned on 21 December 2021
Directors	Mr Xolani Gumede - Chairperson of the Board Ms Ntokozo Mlaba - Deputy-Chair of the Board Dr Thamsanqa Mbonambi Mr Ian Deetlefs Ms Noluthando Dlamini Ms Zodwa Msimang Mr Philani Gumede
Controlling Entity	iLembe District Municipality
Auditors	Auditor-General of South Africa
Attorneys	Panel of Service Providers
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
Web Address	www.enterpriseilembe.co.za

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

Chief Executive Officer's Responsibility and Approval

The 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 7 to 45, in terms of the Company's Act No. 71 of 2008 as amended and section 126 (2) of the Municipal Finance Management Act of 2003, which I have signed on behalf of iLembe Management Development Enterprise (Pty) Ltd.

L. Mncube

8-Dec-22

.....
Linda Mncube
Chief Executive Officer

.....
Date

Directors' Responsibilities 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) including any interpretations, guidelines and directives 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. The Annual Financial Statements for the period ended 30 June 2022 were reviewed by Internal Audit as well as the Audit Committee meeting held on 24 August 2022 and subsequently submitted to the Board of Directors on 31 August 2022.



8-Dec-22

Xolani Gumede

Date

Chairperson of the Board

Directors' Report

The following report is submitted in terms of section 30(3) of the Companies Act, 2008, for the period ended 30 June 2022.

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 period ended 30 June 2022.

1. 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 the Municipal Finance Management Act No. 56 of 2003.

2. 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. COVID-19 is not expected to have a significant impact on the Entity. Management has determined that there is no material uncertainty that casts doubt on the Entity's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations. The Entity is also currently able to meet its obligations as the assets exceed liabilities, with the cost coverage sitting at 3,71:1 and the current ratio at 1,93:1. The number of days cash on hand is 93 days (norm is 30 days).

3. MATERIAL AGREEMENT

None at this stage.

4. FINANCIAL RESULTS OF THE COMPANY

The annual financial statements on pages 8-46 set out fully the financial position and results of operations and cash flows of the Entity for the period ended 30 June 2022.

5. 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.

6. SHARE CAPITAL

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

7. DIVIDENDS

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

8. DIRECTORS

The Directors of the Entity during the year and to date of this report are as follows:

Name	Details
Mr X Gumede - Board Chairperson	Appointed January 2021
Ms N Mlaba - Board Deputy Chairperson	Appointed January 2021
Ms N Dlamini	Appointed January 2021
Dr T Mbonambi	Appointed January 2021
Mr I Deetlefs	Appointed January 2021
Ms Z Msimang	Appointed October 2021
Mr P Gumede	Appointed January 2022
Mr R Ridwaan	Resigned May 2021

Fees for a retainer and attendance at meetings totalling R687 453 (R755 186: 2021) were paid during the period under review. See note 18 of the Annual Financial Statements.

9. ECONOMIC ENTITY

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

- The Chairperson of the Finance Portfolio Committee - the Honourable Mayor of iLembe, Cllr T.P Shandu
- The Municipal Manager of iLembe District Municipality - Mr G Kumalo
- The Chairperson of the Economic Development Portfolio Committee - Cllr H.L.B Makatha

10. DIRECTORS' INTEREST IN CONTRACTS

The Directors have declared interest in companies they are part of, but none that are linked to the Entity.

11. CORPORATE GOVERNANCE

11.1 BOARD MEETINGS

The Board has two sub-committees - LED and Investment and the HR, Finance and Remuneration sub-committees. The Board is required to meet at least 4 times per annum. The schedule below indicates the meetings held during the 2021/2022 financial year and attendance thereof.

Name	Board	LED and Investment	HR, Finance & Remuneration
Number of meetings	11	3	4
Mr X Gumede - Chairperson of the Board	10	3	4
Ms N Mlaba - Deputy Chairperson & Chairperson of HR, Finance & Remuneration	9	N/A	4
Ms N Dlamini	11	3	4
Dr T Mbonambi	10	3	4
Mr I Deetlefs - Chairperson of LED & Investment	10	3	N/A
Ms Z Msimang	8	1	N/A
Mr P Gumede	3	N/A	1

11.2 AUDIT COMMITTEE MEETINGS

The Audit Committee currently comprises of 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 arise. 5 meeting was held during the period under review. Members' attendance at the meetings is listed below:

Name	Number of Meetings Attended
S. Hlophe - Chairperson	5
S Gertze	5
B. Zulu	5

The term for the audit committee expired and was renewed by the District on a monthly basis until the elections. On 1 June 2022, 5 new audit and risk committee members were appointed. The new composition is as follows:

Mr Z. Zulu - Chairperson

Ms S.B Dlunwane - Deputy Chairperson

Mr P.G.J Dzanibe

Mr E Mulla

Mr B.M Mhlongo

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	2022 R	2021 Restated R
ASSETS			
Current Assets		22 412 571	17 840 564
Vat Receivable	4	-	392 346
Inventory	5	27 001	269 673
Trade and Other Receivables from Exchange Transactions	11	1 804 966	2 022 038
Trade and Other Receivables from Non-Exchange Transactions	11	197 595	1 682 011
Cash and Cash Equivalents	12	20 383 009	13 474 496
Non-current Assets		20 406 388	26 498 645
Property, Plant and Equipment	8	20 385 218	26 446 458
Intangible Assets	9	21 170	-
Operating Leases	31	-	52 188
Total Assets		42 818 959	44 339 209
LIABILITIES			
Current Liabilities		13 379 306	14 985 057
Trade and Other Payables from Exchange Transactions	1	2 114 129	2 002 408
Employee Benefits	2	2 295 028	2 403 056
Trade and Other Payables from Non-Exchange Transactions	3	6 816 265	10 190 127
Vat Payable	4	2 153 880	-
Finance Lease Liability	6	-	386 739
Operating Lease Liability	31	-	2 728
Total Liabilities		13 379 306	14 985 057
NET ASSETS		29 439 653	29 354 152
NET ASSETS			
Accumulated Surplus		29 439 553	29 354 052
Issued Share Capital	10	100	100
Total Net Assets		29 439 653	29 354 152

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL PERFORMANCE AS AT 30 JUNE 2022
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	2022	2021
REVENUE		R	Restated R
Revenue from exchange transactions			
Actuarial Gains	2	-	7 000
Rental	13	-	703 211
Interest Received	14	513 965	437 760
Other Revenue	16	792 909	806 915
Total Revenue from exchange transactions		1 306 874	1 954 886
Revenue from non-exchange transactions			
Transfers and Subsidies	15	38 655 768	53 689 850
Insurance refunds	16	11 065	110 396
Total Revenue from non-exchange transactions		38 666 833	53 800 246
Total Revenue		39 973 707	55 755 132
EXPENDITURE			
Loss on actuarial valuation	2	209 615	-
Depreciation, Amortisation & Impairment	7	7 521 418	3 441 176
Employee Related Costs	17	17 291 940	18 771 361
Board Fees	18	687 453	755 186
Contracted Services	20	5 878 737	7 289 129
General Expenses	21	6 611 112	21 515 955
Loss on debt impairment	25	327 547	2 137 226
Loss on asset disposal	25	188 622	652 847
Loss on obsolete stock	25	199 166	-
Total Expenditure		38 915 609	54 562 880
Surplus / (Deficit) for the year		1 058 098	1 192 252

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2022
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	Shares R	Accumulated Surplus/ (Deficit) R.	Total Net Assets R
Opening Balance 1 July 2020		100	28 538 377	28 538 477
Surplus for the year		-	1 192 252	1 192 252
Adjustments		-	(376 577)	(376 577)
Restated Balance at 30 June 2021		100	29 354 052	29 354 152
Opening Balance 1 July 2021		100	29 354 052	29 354 152
Surplus for the year		-	1 058 098	1 058 098
Prior period errors/adjustments	28	-	(972 596)	(972 596)
Balance at 30 June 2022		100	29 439 553	29 439 653

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
CASH FLOW STATEMENT AS AT 30 JUNE 2022
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	Note	2022 R	2021 Restated R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts government and other		40 006 047	59 230 310
Cash paid to suppliers and employees		(31 554 793)	(57 970 411)
Cash generated/(utilised) from operations	23	8 451 254	1 259 899
Interest received		513 965	437 760
NET CASH FLOWS FROM OPERATING ACTIVITIES		8 965 219	1 697 659
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1 648 469)	(3 252 886)
Purchase of intangible assets		(21 500)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1 669 969)	(3 252 886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance leases		(386 739)	(1 062 170)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(386 739)	(1 062 170)
NET DECREASE IN CASH AND CASH EQUIVALENTS		6 908 510	(2 617 396)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		13 474 496	16 091 893
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	24	20 383 009	13 474 496

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

Description	2021/2022						Comments
	Approved Budget R	Adjusted Budget R	Actual outcome June 2022 R	YTD Budget June 2022 R	Variance R	% Variance	Explanation of material variances over 10%
<u>Financial Position</u>							
Current assets:							
Receivables from exchange transactions	6 299 265	2 809 517	1 804 966	2 809 517	(1 004 551)	-36%	The debt provision was increased due to debtors still not servicing their debts
Receivables from non-exchange transactions	-	240 992	197 595	240 992	(43 397)	-18%	Only one prepayment was done during the current financial year
VAT	507 974	336 917	-	336 917	(336 917)	-100%	Vat payable was realised at year end
Cash and Cash Equivalents	6 535 788	7 378 340	20 383 009	7 378 340	13 004 669	176%	The cash exceeded the budgeted amount due to the delays experienced in procurement because of the suspension of regulations and tenders that needed to be re-advertised.
Inventory	345 824	345 824	27 001	345 824	(318 823)	-92%	Obsolete stock was disposed off
Non-current assets							
Property, plant and equipment	24 079 153	32 164 981	20 385 218	32 164 981	(11 779 763)	-37%	Additions initially anticipated did not happen as the projects did not get off the ground. Impairment was also done on WIP
Biological assets	391 400	-	-	-	-	0%	
Intangible Assets	-	21 500	21 170	21 500	(330)	-2%	Immaterial
Total Assets	38 159 404	43 298 071	42 818 959	43 298 071	(479 112)		
Current liabilities							
Payables from exchange transactions	2 733 731	1 475 280	2 114 129	1 475 280	638 849	43%	A payment for the YEP project was not released due to outstanding occupational certificate.
Employee Benefits	-	2 703 056	2 295 028	2 703 056	(408 028)	-15%	Management implemented controls around leave and also encouraged employees to take leave as it could be forfeited. This decreased the provision.
Unspent conditional grants and receipts	831 369	6 752 268	6 816 265	6 752 268	63 997	1%	Immaterial
Vat Payable	-	-	2 153 880	-	2 153 880	100%	There was an error in the report from Munsoft for vat calculation which was only picked up after the 2020/2021 financial year end. Munsoft owned up to the mistake and the Tax Consultant was appointed to assist.
Total Liabilities	3 565 099	10 930 604	13 379 302	10 930 604	2 448 698		

Description	2021/2022						Comments
	Approved Budget R	Adjusted Budget R	Actual outcome June 2022 R	YTD Budget June 2022 R	Variance R	% Variance	Explanation of material variances over 10%
Net Assets	34 594 305	32 367 467	29 439 653	32 367 467	(2 927 810)		
Accumulated surplus	34 594 205	32 367 367	29 439 553	32 367 367	(2 927 814)	-9%	immaterial
Share capital held by Municipality	100	100	100	100	-	0%	
Total Net Assets	34 594 305	32 367 467	29 439 653	32 367 467	(2 927 814)		
<u>Financial Performance</u>							
Interest on investments	360 410	360 410	513 965	360 410	153 555	43%	Cash was invested for longer periods due to delays in procurement as a result of the suspension of SCM Regulations
Government grants and subsidies	36 817 267	47 755 126	38 655 768	47 755 126	(9 099 358)	-19%	There were delays in procurement process as responsive bidders were not found in some instances. There were also issues with receiving verified information in the case of the IDC relief fund.
Other income	1 468 190	798 096	792 909	798 096	(5 187)	-1%	Immaterial
Insurance refunds	-	-	11 065	-	11 065	100%	The refunds were not anticipated
Total Revenue	38 645 867	48 913 632	39 973 707	48 913 632	(8 939 925)		
Employee Related Costs	21 738 647	18 692 017	17 291 940	18 692 017	(1 400 077)	-7%	Immaterial
Directors' fees	962 500	862 500	687 453	862 500	(175 047)	-20%	A Board vacancy was only filled during the last six months of the financial year. Less meetings than the initial provision
Depreciation, Amortization & Impairment	2 400 000	2 300 000	7 521 418	2 300 000	5 221 418	227%	Impairment was performed on WIP which was not anticipated when the budget was approved.
General expenses	8 412 456	10 458 427	6 611 112	10 458 427	(3 847 315)	-37%	There were delays in expenditure due to the suspension of SCM Regulations
Contracted services	4 980 211	13 227 499	5 878 737	13 227 499	(7 348 762)	-56%	There were delays in expenditure due to the suspension of SCM Regulations
Loss on disposal of assets	-	-	188 622	-	188 622	100%	Loss on disposal was not anticipated
Loss on obsolete stock	-	-	199 166	-	199 166	100%	Loss on disposal was not anticipated
Loss on actuarial valuation	-	-	209 615	-	209 615	100%	Loss on valuations was not anticipated
Loss on debt impairment	-	-	327 547	-	327 547	100%	Debtors outstanding impaired
Total Expenditure	38 493 814	45 540 443	38 915 609	45 540 443	(6 624 834)		
Surplus/(Deficit) for the year	152 053	3 373 189	1 058 098	3 373 189	(2 315 091)		
<u>Statement of changes in net assets</u>							
Balance as at 1 July 2021	34 442 252	28 994 278	29 354 152	28 994 278	359 874	1%	Immaterial
Correction Prior Year Period	-	-	(972 596)	-	(972 596)	100%	Prior period errors were not anticipated. The figure is also still being investigated.
Surplus/(Deficit) for the year	152 053	3 373 192	1 058 098	3 373 192	(2 315 094)	-69%	Unanticipated expenditure took place which was not planned for, i.e. loss and impairment
Balance as at 30 June 2022	34 594 305	32 367 470	29 439 653	32 367 470	(2 927 817)		

Description	2021/2022						Comments
	Approved Budget R	Adjusted Budget R	Actual outcome June 2022 R	YTD Budget June 2022 R	Variance R	% Variance	Explanation of material variances over 10%
Cash Flows							
Receipts	45 633 714	48 743 901	40 520 012	48 743 901	(8 223 889)	-17%	Certain funding was not received as the drawdowns were based on actual expenditure. Some projects were not embarked on due to the suspension of regulations.
Payments	34 414 058	46 205 839	31 554 793	46 205 839	(14 651 046)	-32%	
Net cash flows from operating activities	11 219 656	2 538 062	8 965 219	2 538 062	6 427 157		
Net cash flows from investing activities	(5 204 216)	(8 324 749)	(1 669 969)	(8 324 749)	6 654 780	-80%	There were delays in procurement due to the suspension of SCM Regulations
Net cash flows from financing activities	-	(309 468)	(386 739)	(309 468)	(77 271)	25%	
Cash/cash equivalents at the beginning of the year	520 348	13 474 495	13 474 496	13 474 495	1	0%	Expenditure exceeded the budget as expected.
Cash/cash equivalents as at 30 June 2022	6 535 788	7 378 340	20 383 006	7 378 340	13 004 666		

The budget is approved on an accrual basis by nature classification. The approved budgets cover the period 1 July 2021 to 30 June 2022.

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

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

1.1 STATEMENT OF COMPLIANCE

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

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

1.2 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.

1.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

1.4 OFFSETTING

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

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

1.5 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipal entity will continue to operate as a going concern for at least the next 12 months. COVID-19 is not expected to have a significant impact on the Entity. Management has determined that there is no material uncertainty that casts doubt on the Entity's ability to continue as a going concern. It is expected that COVID-19 might have some impact, though not significant, for example, in relation to expected future performance, or the effects on some future asset valuations. The Entity is also currently able to meet its obligations as the assets exceed liabilities, with the cost coverage sitting at 3,71:1 and the current ratio at 1,93:1. The number of days cash on hand is 93 days (norm is 30 days).

1.6 USE OF ESTIMATES AND JUDGEMENTS

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

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

1.7 COMPARATIVE INFORMATION

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. The budgeted figures are those approved by the Board at the beginning of the financial year as well as during the adjustments budget process, following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 1 July 2021 to 30 June 2022.

A comparative of actual to budget amounts are reported in a separate additional the Statement of Comparison of Budget and Actual amounts. Explanatory notes are also provided in the case of over and/or under spending on line items where it is found to be material. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the financial statements in determining whether a difference between the budgeted and actual amount is material.

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.

1.8 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 20 Related Party Disclosure - effective 01 April 2019

GRAP 32 Service Concession Arrangements: Grantor: None - effective 01 April 2019

GRAP 108 Statutory Receivables - effective 01 April 2019

GRAP 109 Accounting by Principals and Agents - effective 01 April 2019

IGRAP 17 Interpretation of the Standard of GRAP on Service Concession Arrangements where a Grantor controls a significant residual interest in an assets - effective 01 April 2019

IGRAP 18 on Recognition and Derecognition of Land - effective 01 April 2019

Directive 12 on the selection of an appropriate reporting framework by public entities - effective 01 April 2018

IGRAP 19 Liabilities to pay levies - effective 01 April 2019

GRAP 18 on Segment Reporting - already effective

GRAP 34 on Separate Financial Statements - effective 01 April 2020

GRAP 35 on Consolidated Financial Statements - effective 01 April 2020

GRAP 36 on Investments in Associates and Joint Ventures - effective 01 April 2020

GRAP 37 on Joint Arrangements - effective 01 April 2020

GRAP 38 on Disclosure of Interests in Other Entities - effective 01 April 2020

GRAP 110 on Living and Non-Living Resources - effective 01 April 2020

IGRAP 20 on Adjustments to Revenue (and related amendments to IGRAP 1) - newly effective

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

There is no expected impact on the following standards at this stage:

GRAP 32, IGRAP 17, IGRAP 18, Directive 12, IGRAP 19, GRAP 34, GRAP 35, GRAP 36, GRAP 37. GRAP 38, GRAP 110

GRAP 20 - Already used as a guideline for accounting policies

GRAP 108 - No changes expected to recognition and measurement, but additional disclosures and separate classification in the notes will be done on adoption where applicable.

GRAP 109 - No changes expected to recognition and measurement, but additional disclosures in the notes will be done on adoption where applicable.

GRAP 18 - There is no expected impact however, this may change in the future

IGRAP 20 - The related amendments have been noted and will be implemented accordingly.

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.

2.1 PROPERTY, PLANT AND EQUIPMENT

2.1.1 INITIAL RECOGNITION

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

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

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

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

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

2.1.2 SUBSEQUENT MEASUREMENT COST MODEL

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

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

2.1.3 DEPRECIATION AND IMPAIRMENT

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

Depreciation commences when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with GRAP 100.

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, machinery and equipment	7-10 years
Manufacturing Plant	5-10 years
Computer equipment	5 years
Municipal Buildings	30 years
Motor Vehicles (Leases)	3 years

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

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

2.1.4 DERECOGNITION

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

2.1.5 LEASED ASSETS

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

3. BIOLOGICAL ASSETS

3.1 INITIAL RECOGNITION AND MEASUREMENT

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

3.2 FAIR VALUE ADJUSTMENTS

An independent expert valuer will evaluate the assets to get the fair value at the end 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. INTANGIBLE ASSETS

4.1 INITIAL RECOGNITION

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

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

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

Intangible assets are initially recognised at cost.

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

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

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

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

4.4 DERECOGNITION

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

5. INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, excluding taxes, transport costs and any other costs in bringing 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.

5.2 SUBSEQUENT MEASUREMENT

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

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 first in first out method.

6. FINANCIAL INSTRUMENTS

6.1 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.

6.2 SUBSEQUENT MEASUREMENT

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

6.2.1 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.

6.2.2 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.

6.2.3 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.

7. 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.

8. 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.

9. 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.

10. REVENUE

10.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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.

10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

10.3 GRANTS, TRANSFERS AND DONATIONS

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

11. VALUE ADDED TAX (VAT)

The municipal entity accounts for VAT on the cash basis. The municipal entity is liable to account for VAT at the standard rate 15% 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 monthly basis.

12. INCOME TAX

The municipal entity is registered for income tax purposes and is liable for income tax at the corporate rate of 28%. Income tax returns are up to date as at 30 June 2022. Current year tax return will be submitted by due date.

13. 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. The parent municipality as the Shareholder of the entity holding 100% shares is disclosed on the related parties note to the financial statements because of the nature of the transactions. Amounts are disclosed accordingly.

14. 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.

15. CAPITAL COMMITMENTS AND CONTINGENCIES

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 and contingencies are not recognised in the statement of financial position as a liability but are included in the disclosure notes of the annual financial statements where applicable.

16. IMPAIRMENT OF ASSETS

16.1 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 annually at the same time each year.

16.2 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.

16.3 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 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.

17. EMPLOYEE BENEFITS

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date. This includes long service awards and leave provision.

18. STATUTORY RECEIVABLES

18.1 INITIAL RECOGNITION

Statutory receivables are measured initially at their transaction amount, using the prescripts of legislation, regulations or an equivalent. The transaction amount is adjusted in subsequent reporting periods to accrue for any interest or other charges that an entity levies (if required or permitted to do so in legislation or similar means) and, to account for any impairment losses or any amounts derecognised, for example, the settlement of amounts owing by a debtor.

18.2 SUBSEQUENT MEASUREMENT

An entity shall measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:

- (a) interest or other charges that may have accrued on the receivable (where applicable);
- (b) impairment losses; and
- (c) amounts derecognised

19. SHARE CAPITAL

Share capital represents the nominal value of shares that have been issued. iLembe District Municipality holds 100% shares valued at R100.

Retained profit includes all current and prior period retained profits.

20. BUDGETING PRINCIPLES

The original and approved budget is the initial approved budget for the budget period. It means the expenditure authority derived from laws, appropriation bills, government ordinances and other decisions related to the anticipated revenue or receipts for the budgetary period. The budget, if necessary, may be adjusted in line with section 87 (6) of the MFMA.

The budget shall be financed from the following sources of financing:

- (i) Grants and subsidies shall be based on grants and subsidies allocated by iLembe District Municipality and any other donor organisations plus all other subsidies received by Entity.
- (ii) The budget for return on investment shall be in accordance with Investment policy of the Entity.
- (iii) All other income items will be budgeted for based on the actual income received in the preceding year and the percentage growth as determined by the Chief Financial Officer for a particular budget year.

National Treasury issues circulars and guidelines before every financial year budgeting process commences which are followed together with the MFMA in producing final budgets.

21 PROVISIONS

A provision is a liability of uncertain timing or amount. The liability may be a legal obligation or a constructive obligation. A constructive obligation arises from the entity's actions, through which it has indicated to others that it will accept certain responsibilities, and as a result has created an expectation that it will discharge those responsibilities. Examples of provisions may include: warranty obligations; legal or constructive obligations to clean up contaminated land or restore facilities; and obligations caused by a retailer's policy to make refunds to customers.

An entity recognises a provision if it is probable that an outflow of cash or other economic resources will be required to settle the provision. A provision is measured at the amount that the entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. The Entity has made provisions where applicable.

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	2022	2021
	R	Restated R
1 PAYABLES FROM EXCHANGE TRANSACTIONS		
1.1 Payables		
Trade Payables	939 599	799 136
Retentions	337 245	372 420
Creditor Accruals	684 434	245 943
Payroll Creditors	152 850	584 909
Total Creditors	2 114 129	2 002 408

Retentions in the current year relate to the amounts withheld in relation to training service providers for the UIF project until the learner certificates are issued. These certificates have not been received due to delays by SETAs as advised by the Training Providers.

2 EMPLOYEE BENEFITS

2.1 Provision for Leave

Opening balance	1 644 056	2 069 985
Movement	(296 027)	(425 929)
Closing Balance	1 348 028	1 644 056

2.2 Long Service Awards

Opening balance	759 000	559 000
Current service cost	97 000	131 000
Interest cost	84 000	76 000
Benefits paid	- 202 615	-
Actuarial loss/(gain)	209 615	(7 000)
Closing Balance	947 000	759 000

Total Employee Benefits	2 295 028	2 403 056
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The leave provision is calculated based on the number of leave days available for each employee at the end of the reporting period. This is based on the salary cost per day based on the number of working days and monthly salary. 75% of the leave provision is cash backed as per the approved reserves policy.

Long service awards are disclosed as per the Actuarial valuation report produced by valuers at the end of the reporting period. These are tested against the Entity data of employees at the end of the reporting period.

3 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Unspent Grants and Receipts

UIF Grant	987 618	1 706 765
COGTA RASET Grant	-	1 810 568
COGTA BIOMASS Grant	-	14 605
COGTA YEP Grant	8 541	1 274 749
COGTA Public Wi Fi Grant	-	33 298
COGTA Mini Factories Grant	-	2 173 913
District Growth and Development Summit	-	131 369
Tourism IDM Grant	297 860	652 092
LED Grant	-	447 782
Development of SMMEs	50 010	255 573
EDTEA Kwashushu Grant	2 173 913	-
IDC Business Recovery Grant	1 608 910	-
MICT SETA Grant	1 689 413	1 689 413
Total Grants and Receipts	6 816 265	10 190 127

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	2022 R	2021 Restated R
<hr/>		
The decrease in unspent grants from the last financial year is as a result of less grant funding allocated to the Entity during the 2021/2022 financial year. Note 15 provides further details.		
4 VALUE ADDED TAXATION		
Vat Receivable	-	392 346
Vat Payable	2 153 880	-
5 INVENTORY		
Opening Balance	269 673	211 309
Adjustment to opening balance - old stock	(780)	-
Adjusted Opening Balance	268 893	211 309
Add: Current Year Harvest/Acquisitions	-	90 726
Less: Sales	(42 726)	(32 362)
Less: Obsolete Stock	(199 165)	-
Balance as at year end	27 001	269 673
Inventory is classified into one class. It comprise of own produce - bottled and unbottled wine as well as wine purchased for resale. The obsolete stock was disposed of after approval by the Board.		
6 FINANCE LEASE LIABILITY		
Minimum lease payments due		
- within one year	-	391 913
- in second to fifth year inclusive	-	-
	-	391 913
less: future finance charges	-	5 174
Present value of minimum lease payments	-	386 739
Present value of minimum lease payments due		
- within one year	-	386 739
- in second to fifth year inclusive	-	-
	-	386 739
Non-current liabilities	-	-
Current liabilities	-	386 739
	-	386 739
The Entity leased its motor vehicles with Avis and the lease term was 36 months, which expired in September 2021.		
7 DEPRECIATION & IMPAIRMENT		
Depreciation	1 811 860	2 760 281
Amortisation	330	-
Impairment	5 709 229	680 896
	7 521 418	3 441 176

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8 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value 2021/2022

	Motor Vehicles - Leases	OTHER ASSETS Municipal Buildings	Manufacturing Plant	Furniture and Equipment/Machinery	Computer Equipment	Total
	R	R	R	R	R	R
Carrying Values at 1 July 2021	340 314	1 151 727	13 676 311	5 443 050	5 835 057	26 446 458
Cost	3 079 231	1 398 476	18 372 002	2 821 424	1 084 356	26 755 488
WIP	-	-	5 777 329	3 942 642	5 221 181	14 941 152
Accumulated depreciation	(2 738 917)	(246 749)	(10 473 020)	(1 321 016)	(470 480)	(15 250 182)
Depreciation	(229 066)	(49 117)	(1 016 435)	(257 184)	(260 057)	(1 811 860)
WIP Acquisitions				1 266 209		1 266 209
Acquisitions		13 470		77 815	290 977	382 261
WIP Impairment			(5 709 229)			(5 709 229)
WIP Disposal			(68 100)			(68 100)
Carrying Value of disposals	111 248	-	60	5 409	3 811	120 528
Cost	3 079 231	-	75 401	83 360	58 577	3 296 568
Accumulated depreciation	(2 967 983)	-	(75 340)	(77 951)	(54 766)	(3 176 041)
Carrying Values at 30 June 2022	-	1 116 080	6 882 486	6 524 480	5 862 165	20 385 211
Cost	-	1 411 946	18 296 601	2 815 878	1 316 756	23 841 181
WIP	-	-	-	5 208 851	5 221 181	10 430 031
Accumulated depreciation and impairment	-	(295 866)	(11 414 115)	(1 500 249)	(675 771)	(13 886 001)

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

R

Biodiesel Equipment (Manufacturing Plant) - 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 at that time and was subsequently written off during the 2015/2016 financial year. The Entity made a submission to COGTA requesting the project to be written off and the equipment channeled to a new project under Biomass - which was granted. The commissioning of the biomass project was done during the 2020/2021 financial year but it has since been established that the equipment will be of no use to the Biomass project due to the ageing and unusable equipment which has since transformed due to technology advances. A valuator was engaged in this regard and the Board subsequently approved the write-off.

-

Broadband (Computer Equipment) - 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. fibre optic cables). The total cost of rolling out this project was estimated to be about R400m, funding which has not materialized as yet. The assessment and valuation of equipment will be conducted during the 2022/2023 financial year so that impairment can be ascertained and the balance of expenditure expensed.

5 221 181

Youth Enterprise Park - COGTA approved an amount of R6m for the establishment of the Youth Enterprise Park (YEP) - R1m for feasibility and R5m for construction. This project was completed during the 2021/2022 financial year and will be transferred to Mandeni Local Municipality in the 2023 financial year when the occupational certificate has been received.

5 208 851

10 430 032

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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Reconciliation of Carrying Value 2020/2021	Motor Vehicles - Leases	Municipal Buildings	Manufacturing Plant	Furniture and Equipment/Machinery	Computer Equipment	Total
	R	R	R	R	R	R
Carrying Values at 1 July 2020	1 365 787	1 195 154	15 500 676	2 615 053	6 080 924	26 757 595
Cost	3 079 231	1 394 976	18 452 827	2 803 687	1 245 311	26 976 032
WIP	-	-	5 777 329	929 820	5 221 181	11 928 330
Accumulated depreciation	(1 713 443)	(199 822)	(8 729 480)	(1 118 454)	(385 567)	(12 146 766)
Depreciation	(1 025 474)	(46 927)	(1 133 062)	(277 433)	(277 384)	(2 760 281)
WIP Acquisitions				3 012 823		3 012 823
Acquisitions		3 500		104 525	132 039	240 064
Impairment of assets			(680 896)			(680 896)
Carrying Value of disposals		-	(10 407)	(11 917)	(100 522)	(122 846)
Cost	-	-	(80 825)	(86 788)	(292 994)	(460 607)
Accumulated depreciation	-	-	70 418	74 871	192 471	337 761
Restated Carrying Values at 30 June 2021	340 314	1 151 727	13 676 311	5 443 050	5 835 057	26 446 458
Cost	3 079 231	1 398 476	18 372 002	2 821 424	1 084 356	26 755 488
WIP	-	-	5 777 329	3 942 642	5 221 181	14 941 152
Accumulated depreciation	(2 738 917)	(246 749)	(10 473 020)	(1 321 016)	(470 480)	(15 250 182)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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9 INTANGIBLE ASSETS

Reconciliation of Carrying Value 2021/2022

	Intangible Assets	Total
	R	R
Carrying Values at 1 July 2021	-	-
Cost	-	-
Accumulated amortisation	-	-
Acquisitions	21 500	21 500
Amortisation	(330)	(330)
Carrying Values at 30 June 2022	21 170	21 170
Cost	21 500	21 500
Accumulated amortisation	(330)	(330)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

2022	2021
R	Restated R

15.12 EDTEA - Kwashushu Project

Opening Balance	-	10 365
Current year receipts	2 173 913	
Conditions met - transferred to revenue	-	(10 365)
Conditions still to be met-transferred to liabilities	2 173 913	-

15.13 Maphumulo Municipality - Kwashushu Project

Opening Balance	-	391 304
Conditions met - transferred to revenue	-	(391 304)
Conditions still to be met-transferred to liabilities	-	-

15.14 MICT SETA

Opening Balance	1 689 413	102 064
Current year receipts	-	3 675 000
Conditions met - transferred to revenue	-	(2 087 651)
Conditions still to be met-transferred to liabilities	1 689 413	1 689 413

15.15 IDC - Business Rescue

Opening Balance	-	-
Current year receipts	2 500 000	-
Conditions met - transferred to revenue	(891 090)	-
Conditions still to be met-transferred to liabilities	1 608 910	-

16 OTHER INCOME

Wine sales	217 624	150 734
Maphumulo W-Fi	-	131 174
Phambili Energy - Rent Recoveries	575 285	524 618
Other income	-	389
	792 909	806 915
Insurance refunds	11 065	110 396

17 EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	14 259 637	14 890 268
Vineyard Wages	-	694 157
Tunnel workers	-	34 020
Pension contributions	1 372 472	1 342 591
Medical aid	926 732	894 952
UIF	62 405	61 691
Leave provision	91 964	127 509
Long-Service provision	181 000	207 000
Car and other allowances	397 731	519 172
	17 291 940	18 771 361

Included in the employee related costs are the following:

12 CASH AND CASH EQUIVALENTS

12.1 Bank Accounts

12.1.1 First National Bank Account - Main Bank Account - Stanger Branch

Account Number 62450574077: Cheque Account

Cash book balance at the beginning of the year	1 057 678	1 480 006
Cash book balance at the end of the month	<u>892 036</u>	<u>1 057 678</u>
Bank statement balance at the beginning of the year	1 057 678	1 480 006
Bank statement balance at the end of the month	<u>892 036</u>	<u>1 057 678</u>

12.1.2 First National Bank Account - UIF Account - Stanger Branch

Account Number 62804908286: Corporate Cheque Account

Cash book balance at the beginning of the year	1 384 681	4 491 853
Cash book balance at the end of the month	<u>1 372 356</u>	<u>1 384 681</u>
Bank statement balance at the beginning of the year	1 384 681	4 491 853
Bank statement balance at the end of the month	<u>1 372 356</u>	<u>1 384 681</u>

Total Bank Accounts

	<u>2 264 392</u>	<u>2 442 359</u>
Petty Cash	2 107	6 399
Ewallet	7 663	4 170
Petrol Card/Autocard	10 383	-
	<u>2 284 544</u>	<u>2 452 928</u>

Cash at banks earns interest at varying rates based on daily bank deposit rates.

12.2 Current Investments

12.2.1 First National Bank Account - Business Investment Desk Branch

Account Number 62602914138 - Call Account

Cash book balance at the beginning of the year	3 347 991	13 920
Cash book balance at the end of the year	<u>5 795 550</u>	<u>3 347 991</u>
Bank statement balance at the beginning of the year	3 347 991	13 920
Bank statement balance at the end of the year	<u>5 795 550</u>	<u>3 347 991</u>

12.2.2 First National Bank Account - Business Investment Desk Branch

Account Number 62828152752 - Call Account

Cash book balance at the beginning of the year	1 549 190	913 616
Cash book balance at the end of the year	<u>1 857 726</u>	<u>1 549 190</u>
Bank statement balance at the beginning of the year	1 549 190	913 616
Bank statement balance at the end of the year	<u>1 857 726</u>	<u>1 549 190</u>

12.2.3 First National Bank Account - Business Investment Desk Branch

Account Number 62854605569 - Call Account

Cash book balance at the beginning of the year	-	2 529 941
Cash book balance at the end of the year	<u>-</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	2 529 941
Bank statement balance at the end of the year	<u>-</u>	<u>-</u>

12.2.4 Investec - Grayston Drive Branch

Account Number 1100546992500 Business Top5

Cash book balance at the beginning of the year	-	5 065 890
Cash book balance at the end of the year	<u>2 547 312</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	5 065 890
Bank statement balance at the end of the year	<u>2 547 312</u>	<u>-</u>

12.2.5 First National Bank Account - Business Investment Desk Branch*Account Number 74895277835*

Cash book balance at the beginning of the year	2 563 713	-
Cash book balance at the end of the year	2 520 013	2 563 713
Bank statement balance at the beginning of the year	2 563 713	-
Bank statement balance at the end of the year	2 520 013	2 563 713

12.2.6 First National Bank Account - Business Investment Desk Branch*Account Number 62793930142*

Cash book balance at the beginning of the year	3 560 675	1 593 783
Cash book balance at the end of the year	5 377 864	3 560 675
Bank statement balance at the beginning of the year	3 560 675	1 593 783
Bank statement balance at the end of the year	5 377 864	3 560 675
Total Current Investments	18 098 465	11 021 568

Short-term deposits are made for varying periods, depending on the immediate cash requirements earn interest at the respective short-term deposit rate.

CASH & CASH EQUIVALENTS	20 383 009	13 474 496
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The cash and cash equivalents balance of R20, 4m include an amount of R6, 8m relating to unspent conditional grants.

13 RENTAL INCOME OF FACILITIES

Tunnels	-	703 211
	-	703 211

14 INTEREST RECEIVED

Bank	67 890	22 460
Investments	446 074	415 300
	513 965	437 760

Interest from investments was derived from amounts invested with FNB and Investec Banks.

15 GOVERNMENT GRANTS AND SUBSIDIES**UNCONDITIONAL GRANTS**

Operational Grant - IDM	29 870 589	28 694 129
Ilembe District Municipality - LED Projects & Programmes	1 730 270	1 022 218
Ilembe District Municipality - Tourism Programmes	1 747 374	1 017 865
Ilembe District Municipality - Development of SMME's	3 121 164	3 481 507

CONDITIONAL GRANTS**Capital Grants**

COGTA YEP Grant	1 266 209	3 012 823
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Operational Grants

COGTA BIOMASS Grant	-	-
COGTA RASET Grant	-	131 677
SASA Grant	-	21 837
UIF Grant	29 072	13 818 474
Maphumulo KwaShushu Project	-	391 304
MICT SETA	-	2 087 651
EDTEA KwaShushu Project	-	10 365
IDC Grant	891 090	-

Total Government Grant and Subsidies	38 655 768	53 689 850
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15.1 COGTA - Public Wi Fi Grant

Balance unspent at beginning of year	33 298	33 298
Transferred back to funder	(33 298)	-
Conditions still to be met-transferred to liabilities	0	33 298

15.2 COGTA - Mini Factories

Balance unspent at beginning of year	2 173 913	2 173 913
Transferred back to funder	(2 173 913)	-
Conditions still to be met-transferred to liabilities	0	2 173 913

15.3 IDM - LED

Balance unspent at beginning of year	447 782	1 470 000
Current year receipts	1 282 488	(1 022 218)
Transferred to revenue	(1 730 270)	-
Conditions still to be met-transferred to liabilities	(0)	447 782

15.4 IDM - Tourism

Balance unspent at beginning of year	652 092	203 957
Current year receipts	1 393 142	1 466 000
Transferred to revenue	(1 747 374)	(1 017 865)
Conditions still to be met-transferred to liabilities	297 860	652 092

15.5 COGTA - YEP

Balance unspent at beginning of year	1 274 749	4 287 572
Conditions met - transferred to revenue	(1 266 209)	(3 012 823)
Conditions still to be met-transferred to liabilities	8 541	1 274 749

15.6 COGTA - Biomass

Balance unspent at beginning of year	14 605	14 605
Transferred back to funder	(14 605)	-
Conditions still to be met-transferred to liabilities	-	14 605

15.7 COGTA - RASET

Balance unspent at beginning of year	1 810 568	1 942 245
Conditions met - transferred to revenue	-	(131 677)
Transferred back to funder	(1 810 568)	-
Conditions still to be met-transferred to liabilities	0	1 810 568

15.8 SASA

Balance unspent at beginning of year	-	22 224
Conditions met - transferred to revenue	-	(22 224)
Conditions still to be met-transferred to liabilities	-	-

15.9 District Growth and Development Summit 2018 - COGTA

Balance unspent at beginning of year	131 369	131 369
Transferred back to funder	(131 369)	-
Conditions still to be met-transferred to liabilities	-	131 369

15.10 UIF

Balance unspent at beginning of year	1 706 765	4 979 164
Current year receipts	-	10 546 075
Conditions met - transferred to revenue	(29 072)	(13 818 474)
Adjustments and Transfers (Invoice Reversed)	(690 075)	-
Conditions still to be met-transferred to liabilities	987 618	1 706 765

15.11 Development of SMMEs - IDM

Balance unspent at beginning of year	255 573	-
Current year receipts	2 915 601	3 737 080
Transferred to revenue	(3 121 164)	(3 481 507)
Conditions still to be met-transferred to liabilities	50 010	255 573

15.12 EDTEA - Kwashushu Project

Opening Balance	-	10 365
Current year receipts	2 173 913	
Conditions met - transferred to revenue	-	(10 365)
Conditions still to be met-transferred to liabilities	2 173 913	-

15.13 Maphumulo Municipality - Kwashushu Project

Opening Balance	-	391 304
Conditions met - transferred to revenue	-	(391 304)
Conditions still to be met-transferred to liabilities	-	-

15.14 MICT SETA

Opening Balance	1 689 413	102 064
Current year receipts	-	3 675 000
Conditions met - transferred to revenue	-	(2 087 651)
Conditions still to be met-transferred to liabilities	1 689 413	1 689 413

15.15 IDC - Business Rescue

Opening Balance	-	-
Current year receipts	2 500 000	-
Conditions met - transferred to revenue	(891 090)	-
Conditions still to be met-transferred to liabilities	1 608 910	-

16 OTHER INCOME

Wine sales	217 624	150 734
Maphumulo W-Fi	-	131 174
Phambili Energy - Rent Recoveries	575 285	524 618
Other income	-	389
	792 909	806 915
Insurance refunds	11 065	110 396

17 EMPLOYEE RELATED COSTS

Employee related costs - salaries and wages	14 259 637	14 890 268
Vineyard Wages	-	694 157
Tunnel workers	-	34 020
Pension contributions	1 372 472	1 342 591
Medical aid	926 732	894 952
UIF	62 405	61 691
Leave provision	91 964	127 509
Long-Service provision	181 000	207 000
Car and other allowances	397 731	519 172
	17 291 940	18 771 361

Included in the employee related costs are the following:

Remuneration of the Chief Executive Officer

Annual Remuneration	1 118 565	537 388
UIF	1 566	744
Total	1 120 132	538 131

The position of the CEO was filled in October 2021 - the above remuneration is for a period of nine months from 11 October 2021 to 30 June 2022.

Remuneration of the Chief Operating Officer

Annual Remuneration	-	393 990
Car and other allowances	-	211 363
UIF	-	744
Total	-	606 097

During the 2020/2021 financial year the position of the COO was filled for 6 months of the year until November 2020. Upon resignation of the COO, the position was removed from the structure.

Remuneration of the Chief Financial Officer

Annual Remuneration	1 170 188	1 126 490
Acting Allowance	-	29 294
Car and Other Allowances	188 144	145 293
Medical Aid	51 696	49 720
Pension Fund	218 707	211 311
UIF	2 012	1 785
Total	1 630 748	1 563 893

Remuneration of the Manager: Tourism, Communication, Marketing and Investment Promotion

Annual Remuneration	905 670	870 375
Acting Allowance	64 094	340 500
Car and other allowances	247 746	209 395
Medical Aid	51 696	49 697
Pension Fund	100 581	97 179
UIF	2 012	1 785
Total	1 371 799	1 568 931

18 REMUNERATION OF BOARD MEMBERS

Remuneration includes a retainer and attendance fees at meetings:

KS Shandu - Chairperson	(Term ended 31 December 2020)	-	69 732
A.T Nzama - Deputy Chairperson	(Term ended 31 December 2020)	-	55 719
D Nene - Finance & HR Chairperson	(Term ended 31 December 2020)	-	58 719
JC Oelofse	(Term ended 31 December 2020)	-	56 710
ZS Gumede	(Term ended 31 December 2020)	-	50 710
N Mngadi	(Term ended 31 December 2020)	-	44 710
B Mngadi	(Term ended 31 December 2020)	-	71 710
Mr X Gumede - Board Chairperson	(Appointed January 2021)	143 963	69 732
Ms N Mlaba - Board Deputy Chairperson	(Appointed January 2021)	111 437	60 384
Ms N Dlamini	(Appointed January 2021)	112 670	56 710
Mr R Ridwaan	(Resigned May 2021)	-	43 258
Dr T Mbonambi	(Appointed January 2021)	108 170	56 710
Mr I Deetlefs	(Appointed January 2021)	110 312	60 384
Ms Z Msimang	(Appointed October 2021)	64 065	-
Mr P Gumede	(Appointed January 2022)	36 835	-
Total Board Members' Remuneration		687 453	755 186

19 REPAIRS AND MAINTENANCE

General Repairs	163 909	320 529
Repairs and Maintenance tunnels and hubs	165 426	44 913
	329 335	365 442

20 CONTRACTED SERVICES

Security	1 322 043	1 025 670
Audit Committee	87 500	81 000
Cleaning services	161 819	159 060
Internal Audit	397 695	290 672
Repairs and Maintenance	329 335	365 442
Consulting/Professional Fees	1 434 628	2 025 395
Legal Fees	163 287	2 045 262
Mechanization	374 110	254 956
MICT SETA Refreshments	-	201 652
Tourism Events/Exhibitions	576 622	704 118
IDC Business Recovery	891 090	-
Leases- Office Equipment	140 609	135 901
	5 878 737	7 289 129

21 GENERAL EXPENSES

Included in general expenses is the following: -

Admin Costs/Consumables	132 593	94 392
Advertising	292 476	186 067
Refreshments	37 499	45 205
Petrol and Oil	174 178	347 905
Rental of premises	1 216 584	1 169 624
Bank Charges	28 305	95 054
Conference and workshop	62 122	76 701
COVID19 Expenditure	14 000	73 298
Development of SMMEs	489 953	421 063
External Audit Fees	838 468	771 390
Fleet cards	16 672	22 885
ICT Services	468 025	479 587
Finance Costs - Interest on finance lease	5 174	94 897
Interest and Penalties	66	79 834
Marketing, Communication & investments	1 067 222	659 220
Postage, Courier & Delivery Services	3 435	2 110
Printing and stationery	76 050	89 068
Projects Expenditure	-	2 039 514
Subscriptions & Licences	303 449	147 658
Insurance	56 454	
Subsistence, Travel & Accommodation	314 194	148 161
Vehicle Hire Fees	16 583	
Telephone and Fax	466 236	466 400
SDL	160 473	136 567
Training	113 114	4 016 337
UIF Stipends	-	9 518 043
Water and Electricity	256 034	322 626
Winery Operations	1 752	12 351
	6 611 112	21 515 955

22 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

22.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance	79 967	4 025
Fruitless and wasteful expenditure current year	66	37 972
Interest & Penalties relating to Prior Financial Years	-	78 947
Penalties reversed by SARS	-	(1 000)
Fruitless and wasteful expenditure written off	-	(1 025)
Amount recovered from responsible parties	(1 020)	(38 952)
Fruitless and wasteful expenditure not yet recovered/written off	79 013	79 967

Incident	Action Taken
Interest charged by Eskom	This is currently being investigated and has been queried with Eskom as payments were made on time.

22.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	13 662 719	11 053 649
Competitive bidding process not followed.	-	2 609 070
Amount written off by Board	-	-
Irregular expenditure not yet written off	13 662 719	13 662 719

The irregular expenditure of R13 662 719 relates to the procurement of services in relation to the UIF and MICT SETA projects (learnership grants) where the project manager was appointed without following the competitive bidding process. A Memorandum of Agreement was signed by the then CEO on the basis that when the initial applications were submitted, Sphola Consulting was cited as the company that will offer project management services. This amount is pending the outcome of the forensic investigation.

22.3 Deviations

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedures.

Total Value	972 437	254 947
Total Number of Cases	1	1

23 CASH GENERATED/(UTILISED) BY OPERATIONS

Surplus for the year	1 058 098	1 192 252
Adjustment for: -		
Adjustments/Previous years operating transactions	(972 596)	(376 577)
Depreciation, impairment & amortization	7 521 418	3 441 177
(Losses)/gains on assets	188 622	652 847
Investment income	(513 965)	(437 760)
Operating surplus/(deficit) before working capital changes:	7 281 577	4 471 939
Decrease/(increase) in Inventories	242 672	(58 364)
Decrease in Receivables From Exchange Transactions	217 072	8 566 937
Decrease/(increase) in Receivables From Non-Exchange Transactions	1 484 416	(1 346 282)
Decrease in Unspent conditional grants	(3 373 862)	(4 101 954)
Increase/(Decrease) in Payables	111 722	(8 950 689)
Decrease in Employee benefits	(108 028)	(225 930)
Decrease in VAT Receivables	392 346	2 931 463
Increase in VAT Payables	2 153 880	-
Decrease/(Increase) in operating lease liability	49 459	(27 223)
Cash generated/(utilised) by operations	8 451 254	1 259 898

24 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR

Current Investments	18 098 465	11 021 568
Bank balances and cash	2 284 544	2 452 928
Total cash and cash equivalents at the end of the year	20 383 009	13 474 496

25 GAINS AND LOSSES

25.1 Disposal of Assets

Loss on disposal	188 622	652 847
	188 622	652 847

25.2 Loss on Obsolete Stock

	199 165	-
	199 166	-

25.2 Loss on Debt Impairment

	327 546	2 137 225
	327 547	2 137 226

26 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

26.1 Audit fees

Current year audit fee	838 468	771 390
Amount paid - current year	(838 468)	(771 390)
Balance unpaid (included in creditors)	-	-

22.3 Deviations

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedures.

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Decrease in Employee benefits	(108 028)	(225 930)
Decrease in VAT Receivables	392 346	2 931 463
Increase in VAT Payables	2 153 880	-
Decrease/(Increase) in operating lease liability	49 459	(27 223)
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25 GAINS AND LOSSES

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Loss on disposal	188 622	652 847
	188 622	652 847

25.2 Loss on Obsolete Stock

	199 165	-
	199 166	-

25.2 Loss on Debt Impairment

	327 546	2 137 225
	327 547	2 137 226

26 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

26.1 Audit fees

Current year audit fee	838 468	771 390
Amount paid - current year	(838 468)	(771 390)
Balance unpaid (included in creditors)	-	-

26.2 PAYE, Skills and UIF

Opening balance	268 576	316 888
Current year payroll deductions	261 908	4 064 058
Amount paid - current year	(516 226)	(4 112 370)
Balance unpaid (included in creditors)	<u>14 257</u>	<u>268 576</u>

26.3 Medical Aid Contributions

Opening balance	134 021	131 933
Current year payroll deductions	1 681 188	1 574 843
Amount paid - current year	(1 718 251)	(1 572 755)
Balance unpaid (included in creditors)	<u>96 958</u>	<u>134 021</u>

26.4 Pension Contributions

Opening balance	169 285	173 127
Current year payroll deductions	2 076 636	2 100 535
Amount paid - current year	(2 245 921)	(2 104 377)
Balance unpaid (included in creditors)	<u>-</u>	<u>169 285</u>

26.5 SAMWU

Opening balance	1 625	1 690
Current year payroll deductions	19 175	19 955
Amount paid - current year	(20 800)	(20 020)
Balance unpaid (included in creditors)	<u>-</u>	<u>1 625</u>

26.6 Natal Joint Funeral Fund

Opening balance	264	-
Current year payroll deductions	3 600	3 168
Amount paid - current year	(3 864)	(2 904)
Balance unpaid (included in creditors)	<u>-</u>	<u>264</u>

26.7 Net Salaries

Opening balance	11 100	-
Current year payroll deductions	9 194 091	11 204 042
Amount paid - current year	(9 163 554)	(11 192 942)
Balance unpaid (included in creditors)	<u>41 637</u>	<u>11 100</u>

27 INCOME TAX

No provision has been made for income tax in the current financial year, the enterprise is in a tax loss position. Prior to considering current year tax implications; the enterprise had a brought forward assessed loss of R18 163 782. No communication has been received from SARS in this regard. The Tax Practitioner who has been contracted by the entity to assist with the vat review will also look into this matter.

28 CORRECTION OF PRIOR PERIOD ERROR

Effects on Statement of Financial Performance

General Expenditure 8 520

These include expenses that were not raised in the previous financial years, expenses against which credit notes were issued in the current year.

Revenue (326)

Revenue corrections include interest recovered from iThala which was booked in previous year as well as the correction of wine sales overstated.

8 194

Effects on Statement of Financial Position

Trade and Other Receivables (45 175)

Relates to prior period service debtors that were not correctly raised

Cash & Cash Equivalents	691
Relates to petty cash amounts recovered that were not banked as well as investment figures duplicated	
Trade and Other Payables	(8 470)
Relates to prior period creditors that were written off due to prescription	
VAT	967 895
Relates to prior period transactions where SARS did adjustments and disallowed certain vat amounts	
Non-Current Assets	49 459
Relates to the effects of straightlining where the operating lease asset had to be reversed	
	964 400
Effects on Statement of Net Assets	972 595

29 EVENTS AFTER THE REPORTING DATE

No events after the reporting date that could affect the presentation of the annual financial statements have been identified.

30 RELATED PARTIES

Parent Municipality: Ilembe District Municipality.
Ilembe District Municipality is the sole shareholder of the entity.

Related party balances

Amounts owed by/(to) iLembe District Municipality :

Opening Balance	1 418 061	(456 137)
Movements during the year	(1 482 983)	1 874 198
Closing Balance	(64 922)	1 418 061

This amount is included as part of creditors under payables. It relates to the reimbursement of the insurance premium paid over by IDM for the insurance of Entity assets.

Grant income received by Enterprise Ilembe:

Administration Grant	29 870 589	28 694 129
LED Grant	1 730 270	1 022 218
Tourism Grant	1 747 374	1 017 865
Development of SMMEs	3 121 164	3 481 507
	36 469 397	34 215 719
Amount disclosed under payables (unspent grants)	347 870	1 151 492

There were no other transactions in the current year, other than the ones listed above.

31 OPERATING LEASES

The future minimum lease payments payable under operating leases for the actual liability are as follows:

No later than 1 year	144 600	1 816 015
Later than 1 year and no later than 5 years	277 150	302 500
	421 750	2 118 515

The lease for the tunnels was terminated in June 2022 hence the reduction in the operating lease liability.

The entity entered into a lease agreement for machinery (contract for 5 printing machines) which is for the period 01 June 2022 to 31 May 2025. Details of lease are contained in the signed agreement.

32 GOING CONCERN

The financial statements for the period ended 30 June 2022 have been prepared on a going concern basis. The agency does not foresee anything that will hinder it operating in the future. The entity has adapted to the challenges posed by the COVID-19 pandemic, and diligently continued to service the industry during the 2020/2021 and 2021/2022 financial year. The agency received its allocation from the IDM, and continues to mobilise resources through strategic partnerships and funding initiatives.

The directors have given due consideration to the potential impact of the COVID-19 pandemic on the company's ability to continue as a going concern. The directors believe that the pandemic will not have a significant impact on the business activities. Notwithstanding any short-term challenges, the directors are of the view that the company has sufficient resources to continue as a going concern.

Management is confident that adequate measures are implemented to ensure that the impact of the pandemic remains under control with minimal impact on the company's operating activities.

33 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

33.1 Interest Rate Analysis

The risk that the entity will not receive the maximum interest benefits from investments.

Financial Assets:

External Investments:

Current Investments	18 098 465	11 021 568
Bank balances and cash	2 284 544	2 452 928
	20 383 009	13 474 496
Interest earned bank external investments	513 965	437 760
Interest rate	2,5%	3,2%
Outstanding Debtors:		
Receivables from Exchange Transactions	1 804 964	3 442 790
	1 804 964	3 442 790
Interest earned on outstanding debtors		
Interest rate	0,0%	0,0%

33.2 Credit Risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party

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

Receivables	11	1 804 964	3 442 790
Cash and cash equivalents	12	20 383 009	13 474 496
Ageing of consumer debtors:			
Current		397 437	196 270
31-60 days		-	818 371
>60 days		3 816 650	4 562 684
Less: Provision for bad debts		(2 409 123)	(2 137 225)
Net Consumer Debtors		1 804 964	3 440 100

33.3 Liquidity Risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Less than One Year

Finance lease liability	-	386 739
Trade Payables	939 599	799 136
	939 599	1 185 875

Between Two to Five Years

Finance lease liability	-	-
Trade Payables	-	-
	-	-

34 SUBSEQUENT EVENTS

There have been no subsequent events from 1 July 2021 to the date of issuing of these financial statements, other than those disclosed herein.

35 RESTATEMENT OF COMPARATIVE INFORMATION

Statement of Financial Performance:

Restated Comparative	Prior Year Disclosure
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The items listed below have been reclassified from General Expenses to Contracted Services in line with the updated Standard Charts of Accounts (SCOA) in Munsoft.

Contracted Services

Repairs & Maintenance	329 335
Audit Committee	87 500

General Expenses

Repairs & Maintenance	365 442
Audit Committee	81 000

36 REPORTABLE SEGMENTS

For management purposes, the entity is organised and operates in four functional segments (or business units). To this end, management monitors the operating results of these business units for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these business units are allocated at a transactional level. Costs relating to the governance and administration of the entity are not allocated to these business units.

The four business units comprise of:

- Local economic development which includes agriculture and farmer support as well as development of SMMEs;
- Tourism and Investment Promotion services which includes marketing, communication, events, research and exhibitions as well as facilitating investment opportunities;
- HR and Administration which also incorporates ICT and legal related activities;
- Financial management related activities;

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does monitor service provider performance by means of quarterly performance assessment rated by project managers within business units. Performance management is also monitored through the service delivery and budget implementation plan detailing targets and progress against those.

	2021/2022		
	Other	Unallocated	Total
Segment Revenue	9 589 152	30 384 553	39 973 706
External revenue from non-exchange transactions	8 796 243	29 870 589	38 666 832
External revenue from exchange transactions	792 909	-	792 909
Interest revenue	-	513 964	513 964
Segment Expenses	12 995 152	25 920 456	38 915 608
Total Segment expenses	12 995 152	18 399 038	31 394 190
Depreciation, impairment and amortisation	-	7 521 418	7 521 418
Surplus/deficit for the year	(3 406 000)	4 464 097	1 058 097

	2020/2021		
	Other	Unallocated	Total
Segment Revenue	26 623 243	29 131 888	55 755 131
External revenue from non-exchange transactions	25 106 118	28 694 129	53 800 246
External revenue from exchange transactions	1 517 126	-	1 517 126
Interest revenue	-	437 759	437 759
Segment Expenses	27 365 771	27 197 109	54 562 881
Total Segment expenses	27 365 771	23 676 980	51 042 752
Depreciation and amortisation	-	3 441 176	3 441 176
Interest expense	-	78 953	78 953
Surplus/deficit for the year	(742 528)	1 934 779	1 192 248

37 CAPITAL COMMITMENTS

Operational Expenditure

Approved and contracted	-	371 333
<i>The entity entered into a 36 month contract for Business Development Services</i>		

Total operational commitments	-	371 333
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Capital Expenditure

Approved and contracted: Property, Plant and Equipment	650 016	1 269 223
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The entity entered into a contract for the construction of the Mandeni Youth Enterprise Park which was delayed due to COVID-19 lockdown restrictions. Construction was completed during the 2021/2022 financial year, however the Entity currently awaits occupational certificate.

Total capital commitments	650 016	1 269 223
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Total commitments	650 016	1 640 556
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The expenditure will be financed from:

External Loans	-	-
Capital Replacement Reserve	-	-
Government Grants	650 016	1 640 556
Own Resources	-	-
	650 016	1 640 556

38 CONTINGENT ASSET

Phambili Energy	-	5 000 000
South African Revenue Services (SARS)	595 844	-
	595 844	5 000 000

SARS disallowed certain vat input transactions amounting to R967 806 for certain periods between 2018-2020 financial years. During the current financial year, the entity embarked on an exercise to reconcile the SARS balance to the Entity balance, after a finding was raised by AG during the last financial year audit. As such, the Entity has engaged the services of a Tax Consultant to assist the Entity with the five-year vat review. As part of the process of reconciling, it was agreed that the assessments will be expensed and the Tax Consultant shall recoup the applicable inputs from SARS as part of the review. This was subsequently submitted to SARS and is currently under review. This is why an amount of **R595 844** has been disclosed as a possible receipt. This is substantiated by a report prepared by the Tax Practitioner as well as the letter of review from SARS.

During the 2020/2021 financial year, the Entity engaged legal services to review the agreement currently in place between the Entity and Phambili Energy, who is the Technical Partner in the roll-out of the Biomass Project - a project funded by COGTA. This was prompted by a dispute that is happening between the parties. Phambili Energy proposed a settlement wherein Phambili Energy would pay back the Entity **R5 million** as its capital contribution to the project initiation, plus other costs, and in turn the Entity would exit from the project. The Entity has not accepted this offer as it is not based on any financial benefit assessment, in turn requested that Phambili Energy provides its audited financial statements so that the proposal made could be assessed on the factual basis and that the Entity does not end up losing.

The legal panel was used to review the current contract and options available to the Entity during the 2021/2022 financial year. The recommendations were submitted to the Board with the Board opting for the review and restructure of the current agreement and the partnership between the Entity and Phambili Energy being carried on.

39 SERVICES IN KIND

Right of use of Raset Fleet Agreement

The Entity currently has a support agreement in place that was signed between the Entity and iThala for the RASET Programme. This contract was to allocate to the Entity the use of 3 truck and 2 bakkies which was also going to assist with the implementation of the National Schools Nutrition Programme (NSNP) - of which the contract terminated on 30 June 2020. These trucks were not used during the 2021/2022 financial year.

40 AWARDS TO CLOSE FAMILY MEMBERS

Regulation 45 requires that the details of all awards made to service providers with close family members in service of the state.

1. Matthew Francis Incorporated	48 095	-
Nature of Award		
- Contract review for Biomass Conversion Combination Plant Project		
Details		
- B. Sivparsad (Manager: Water & Sanitation: Msunduzi Municipality)		
- R van Amsterdam (SGT Detective: Amangwe SAPS)		
- S Mahlangu (Chief Town Planner: iLembe District Municipality)		
2. Goshen Entrepreneurship Hub	4 019 018	-
Nature of Award		
- Appointment of an implementing agent for the Enterprise Development Business Incubation Programme		
Details		
- N. Ngobese (Nurse: KZN DOH - Sundumbili Clinic)		
	4 067 113	-

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX A : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	Opening Balance	Additions	Cost / Valuation Write Offs / Valuations	Transfers/ WIP	Closing Balance	Opening Balance	Accumulated Additions	Depreciation Impairment loss/ Reversal of impairment loss/Transf	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Manufacturing Plant	24 149 331	-	75 401	5 777 329	18 296 601	10 473 020	1 016 435	75 340	11 414 115	6 882 486
Municipal Buildings	1 398 476	13 470	-	-	1 411 946	246 749	49 117	-	295 866	1 116 080
Intangible Assets	-	21 500	-	-	21 500	-	330	-	330	21 170
Furniture and Equipment	6 764 066	1 344 023	83 360	-	8 024 729	1 321 016	257 184	77 951	1 500 249	6 524 480
Motor Vehicle - Leases	3 079 231	-	3 079 231	-	-	2 738 917	229 066	2 967 983	-	-
Computer Equipment	6 305 537	290 977	58 577	-	6 537 937	470 480	260 057	54 766	675 771	5 862 165
	41 696 640	1 669 969	3 296 568	5 777 329	34 292 712	15 250 182	1 812 189	3 176 041	13 886 331	20 406 388

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

2021 Actual Revenue R	2021 Actual Expenditure R	2021 Surplus/ (Deficit) R		2022 Actual Revenue R	2022 Actual Expenditure R	2022 Surplus/ (Deficit) R
55 755 132	54 562 880	1 192 252	Administration	39 973 707	38 915 609	1 058 098
55 755 132	54 562 880	1 192 252	(Surplus) for the year	39 973 707	38 915 609	1 058 098

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX C(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

Description	2021/22 Approved Budget R	2021/22 Adjusted Budget	Actual Outcome R	Variance R	Variance %
<u>Financial Performance</u>					
Interest on investment	360 410	360 410	513 965	(153 555)	-43%
Government grants and subsidies	36 817 267	47 755 126	38 655 768	9 099 358	19%
Other Income	1 468 190	798 096	803 974	(5 878)	-1%
				-	
Total Revenue (excluding capital transfers & contributions)	38 645 867	48 913 632	39 973 707	8 939 925	106%
Employee related costs	21 738 647	18 692 017	17 291 940	1 400 077	7%
Directors Fees	962 500	862 500	687 453	175 047	20%
Depreciation	2 400 000	2 300 000	7 521 418	(5 221 418)	-227%
Contracted Services	4 980 211	13 227 499	5 878 737	7 348 762	56%
General Expenses	8 412 456	10 458 427	6 611 112	3 847 315	37%
Loss on disposals	-	-	387 788	(387 788)	100%
Loss on impairment	-	-	327 547	(327 547)	100%
Loss on actuarial valuations	-	-	209 615	(209 615)	100%
Total Expenditure	38 493 814	45 540 443	38 915 609	6 624 834	15%
Surplus/(Deficit)	152 053	3 373 189	1 058 098	2 315 091	0%
<u>Capital expenditure & funds sources</u>					
Transfers recognised - capital	-	1 274 749	1 266 209	(8 541)	-1%
Internally generated funds	2 750 000	7 050 000	403 761	(4 496 239)	-64%
Total sources of capital funds	2 750 000	8 324 749	1 669 969	(4 504 780)	-54%

ENTERPRISE (PTY) LTD

DIX C(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE)

THE PERIOD ENDED 30 JUNE 2022

Actual 2022	Budget 2022	YTD Budget 2022	Variance 2022	% Variance 2022	Comments
R	R	R	R	%	
-	-	-	-		
513 965	360 410	360 410	(153 555)	-43%	Cash was invested for longer periods due to delays in procurement as a result of the suspension of SCM Regulations
38 655 768	47 755 126	47 755 126	9 099 358	19%	There were delays in procurement process as responsive bidders were not found in some instances. There were also issues with receiving verified information in the case of the IDC relief fund.
803 974	798 096	798 096	(5 878)	-1%	Immaterial
39 973 707	48 913 632	48 913 632	8 939 925		
38 915 609	45 540 443	45 540 443	6 624 834	15%	There were delays in expenditure due to the suspension of SCM Regulations
38 915 609	45 540 443	45 540 443	6 624 834		
1 058 098	3 373 189	3 373 189	2 315 091		

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

UNAUDITED SUPPLEMENTARY APPENDIX C(3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

	2022 Actual R	2022 Budget R	2022 YTD Budget R	2022 Variance R	2022 Variance %
Administration	403 761	7 050 000	7 050 000	6 646 239	94%
Projects Under Construction	1 266 209	1 274 749	1 274 749	(8 541)	-1%
	1 669 969	8 324 749	8 324 749	6 637 699	80%

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX D : GRANTS AND SUBSIDIES RECEIVED - 2021/2022
 ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2022

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

Name of Grants	Unspent Balance 2020/2021	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Adjustments and Transfers	Total Expenditure	Unspent Balance 2021/2022
		July 21 to Sept 21	Oct 21 to Dec 21	Jan 22 to Mar 22	April 22 to June 22		July 21 to Sept 21	Oct 21 to Dec 21	Jan 22 to Mar 22	April 22 to June 22			
		1	2	3	4		1	2	3	4			
Ilembe District Municipality - LED	447 782	576 756	432 568	432 568	(159 403)	1 282 488 -	80 853	22 960	122 093	1 504 364		1 730 270	(0)
Ilembe District Municipality - Tourism	652 092	681 744	511 309	511 309	(311 220)	1 393 142	109 737	411 426	151 300	1 074 911		1 747 374	297 860
Development of SMMEs	255 575	1 057 059	792 794	792 794	272 955	2 915 601	861 117	947 911	611 359	700 777		3 121 163	50 013
District Growth & Development Sum	131 369	-	-			-					131 369	131 369	-
Raset Grant	1 810 568	-	-	-	-	-					1 810 568	1 810 568	(0)
Biomass Project	14 605	-	-	-	-	-					14 605	14 605	(0)
Public-Wifi	33 298	-	-	-	-	-	-	-	-	-	33 298	33 298	0
Mini Factories	2 173 913	-	-	-	-	-	-	-	-	-	2 173 913	2 173 913	0
UIF Training	1 706 765				-	-	11 070	18 001			690 075	719 147	987 618
EDTEA Kwashushu	0	-	2 173 913		-	2 173 913					-	-	2 173 913
MICT SETA	1 689 413				-	-					-	-	1 689 413 -
IDC Grant	-			2 500 000		2 500 000			657 100	233 990	-	891 090	1 608 910
YEP Grant	1 274 749	-	-	-	-	-	230 476	496 823	-	538 909	-	1 266 209	8 540
	10 190 129	2 315 560	3 910 583	4 236 670	(197 668)	10 265 144	1 293 253	1 897 122	1 541 852	4 052 951	4 853 828	13 639 005	6 816 268

Unspent grants as at 30 June 2021 10 190 129

Unspent grants as at 30 June 2022 30 June 2022 6 816 268





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