

**ILEMBE MANAGEMENT DEVELOPMENT
ENTERPRISE (PTY) LTD**

**TRADING AS
ENTERPRISE ILEMBE**

REGISTRATION NUMBER: 2006/032665/07



**AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2020**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

General Information

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

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Chief Executive Officer's Responsibility and Approval

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

I am responsible for the preparation of the annual financial statements, set out on pages 6 to 38, 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.



Cheryl Peters
Acting Chief Executive Officer

28 February 2021

Date

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Directors' Responsibilities and Approval

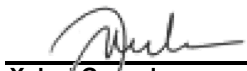
The Directors are required by the Municipal Finance Management Act (Act No. 56 of 2003) and the Companies Act (Act No. 71 of 2008 as amended) to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related information. The auditors 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.



Xolani Gurnede
Chairman of the Board

28 February 2021

Date

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
REGISTRATION NUMBER: 2006/032665/07
AUDITED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Directors' Report

The following report is submitted in terms of section 30(3) of the Companies Act, 2008, for the period ended 30 June 2020.

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 2020.

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. The Entity is also currently able to meet its obligations as the assets exceed liabilities, with the cost coverage sitting at 1,79:1 and the current ratio at 1,24:1. The number of days cash on hand is 54 days (norm is 30 days).

3. Material Agreement

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

4. Financial results of the company

The annual financial statements on pages 2-38 set out fully the financial position and results of operations and cash flows of the Entity for the year ended 30 June 2020.

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
KS Shandu - Chairperson	Appointed November 2015
AT Nzama - Deputy Chairperson	Appointed February 2017
DN Nene	Appointed November 2015
JC Oelofse	Appointed February 2017
ZS Gumede	Appointed February 2017
N Mngadi	Appointed February 2017
P Mngadi	Appointed February 2018

Fees for a retainer and attendance at meetings totalling R765 519 (R660 017 in June 2019) were paid during the period under review. See note 19 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 Municipal Manager of iLembe District Municipality - Mr G Kumalo
- The Chair of the Economic Development Portfolio Committee - the Deputy Mayor of iLembe, Cllr D Shandu

10. Directors' interest in contracts

Fees for a retainer and attendance at meetings totalling R765 519 (R660 017 in June 2019) were paid during the period under review. See note 19 of the Annual Financial Statements. 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 2 sub committees outside of the Board. As a Board, they are required to meet at least 4 times annually. The schedule below indicates the meetings held during the 2019/2020 financial year and attendance thereof.

Name	Board Committee	LED and Investment	HR and Finance
Number of meetings	10	5	5
KS Shandu - Board Chairperson	8	4	N/A
AT Nzama - Deputy Board Chairperson	8	5	N/A
DN Nene - HR & Finance Sub-Committee	6	1	4
JJC Oelofse	10	4	4
ZS Gumede	7	5	N/A
N Mngadi	10	N/A	5
B Mngadi	10	N/A	5

11.2 Audit Committee Meetings

The Audit Committee currently comprises of independent, external members and is required to meet at least 4 times per annum as per the MFMA. Additional meetings may be called for as the need arise. 5 meetings were held during the 2019/2020 financial year. Members' attendance at the meetings is listed below:

Name	Number of Meetings Attended
S. Hlophe - Chairperson	5
S Gertze	4
B. Zulu	5
S.L Ndlovu	5

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	Note	2020 R	2019 R
ASSETS			
Current Assets		30,363,364	32 939 577
Vat Receivable	4	3,541,309	3 020 481
Inventory	5	211,309	243 680
Trade and Other Receivables from Exchange Transactions	11	10,285,238	9 327 893
Trade and Other Receivables from Non-Exchange Transaction	11	233,615	118 150
Cash and Cash Equivalents	12	16,091,893	20 229 373
Non-current Assets		26,404,474	28 084 241
Property, Plant and Equipment	8	25,874,474	27 494 241
Biological Assets	9	530,000	590 000
Total Assets		56,767,838	61 023 818
LIABILITIES			
Current Liabilities		28,515,900	27 209 634
Trade and Other Payables from Exchange Transactions	1	10,545,823	11 148 655
Employee Benefits	2	2,628,985	1 641 270
Trade and Other Payables from Non-Exchange Transactions	3	14,283,080	13 501 745
Finance Lease Liability	6	1,058,012	917 964
Non-current Liabilities			
Finance Lease Liability	6	370,940	1 160 745
Total Liabilities		28,886,840	28 370 379
NET ASSETS		27,880,998	32,653,439
NET ASSETS			
Accumulated Surplus		27,880,898	32 653 339
Issued Share Capital	10	100	100
Total Net Assets		27,880,998	32,653,439

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

REVENUE	Note	2020 R	2019 R
Revenue from exchange transactions			
Rental Income	13	106,957	84 348
Interest Received	14	552,006	819 837
Other Income	16	1,237,712	1 317 794
National Schools Nutrition Income	17	11,269,539	21 371 976
Gain on asset disposal	26	-	548 970
Gain on fairvaluing of biological assets	26	-	198 600
Total Revenue from exchange transactions		13,166,214	24 341 525
Revenue from non-exchange transactions			
Government grants and subsidies	15	72,840,048	47 778 912
Total Revenue		86,006,262	72 120 436
EXPENDITURE			
Depreciation, Amortisation & Impairment	7	2,744,405	2 107 852
Employee Related Costs	18	20,979,565	18 057 150
Board Fees	19	765,519	660 017
Repairs and Maintenance	20	131,415	1 091 025
Contracted Services	21	14,668,086	20 582 175
General Expenses	22	51,057,131	28 435 886
Loss on fair value adjustment	26	60,000	-
Loss on asset disposal	26	50,764	19 175
Total Expenditure		90,456,885	70 953 280
Surplus / (Deficit) for the year		(4 450 623)	1 167 156

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	Note	Shares R	<u>Accumulated Surplus/ (Deficit) R.</u>	<u>Total Net Assets R</u>
Opening Balance 1 July 2018		100	31,363,456	31 363 556
Surplus for the year		-	1,871,603	1 871 603
Adjustments		-	122,628	122 628
Balance at 30 June 2019		100	33,357,686	33,357,786
Prior period error	29	-	(704 447)	(704 447)
Restated Balance at 30 June 2019		100	32,653,238	32,653,338
Opening Balance 1 July 2019		100	32,653,238	32 653 338
Deficit for the year		-	(4 450 623)	(4 450 623)
Adjustments		-	(321 716)	(321 716)
Balance at 30 June 2020		100	27,880,898	27 880 998

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	Note	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts government and other		130 468 727	105 539 928
Cash paid to suppliers and employees		(133 300 858)	(83 209 391)
Cash generated/(utilised) from operations	24	(2 832 130)	22 330 537
Interest received		552 006	819 837
NET CASH FLOWS FROM OPERATING ACTIVITIES		(2 280 124)	23 150 375
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(780 879)	(1 416 931)
Increase in current investments			(5 913 079)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(780 879)	(7 330 009)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease installments		(1 076 476)	(701 210)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(1 076 476)	(701 210)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 137 480)	15 119 155
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		20,229,373	5 110 218
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25	16 091 893	20 229 373

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Description	2019/2020						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2020 R	YTD Budget June 2020 R	Variance R	% Variance	Explanation of material variances over 10%
Financial Position							
Current assets:							
Receivables from exchange transactions	6,299,265	6,299,265	10,285,238	6,299,265	3,985,973	63%	This includes the amounts due to the entity from Department of Education. Delays in payments due to COVID 19. Relates to additional funding allocated in the current year. Unspent amounts due to funds received during the second half of the financial year. The decrease relates to wine sold and wine used for promotional purpose during the year.
Value Added Tax	507 974	507 974	3,541,309	507,974	3,033,335	597%	
Cash and Cash Equivalents	5,110,218	5,110,218	16,091,893	5,110,218	10,981,675	215%	
Inventory	283 018	243 680	211,309	243,680	(32,371)	-13%	
Non-current assets							
Property, plant and equipment	24,079,153	24,079,153	25,874,474	24,079,153	1,795,321	7%	Finance lease of vehicles and acquisitions
Biological assets	391,400	391,400	530,000	391,400	138,600	35%	There was a gain on fair value
Total Assets	36,671,029	36,631,690	56,534,223	36,631,690	19,902,533		
Current liabilities							
Payables from exchange transactions	2,733,731	2,733,731	13,174,808	2,733,731	10,441,077	382%	Additional funding received in the current year and accruals Unspent grants - additional funding received There was a new lease agreement that was entered into in the year under review
Unspent conditional grants and receipts	831 369	831 369	14,283,080	831,369	13,451,711	1618%	
Finance Lease Liability	-	-	1,058,012	917,964	140,048	-	
Non-current liabilities							
Finance Lease Liability	-	-	370,940	370,940	-	-	New lease agreement - vehicle finance lease
Total Liabilities	3,565,099	3,565,099	28,886,840	4,854,004	24,032,836		
Net Assets	33,105,929	33,066,591	27,647,383	31,777,687		-	
Accumulated surplus	33,105,829	33,105,829	27,880,898	33,105,829	(5,224,931)	-16%	
Share capital held by Municipality	100	100	100	100	-	0%	
Total Net Assets	33,105,929	33,105,929	27,880,998	33,105,929	-5,224,931		

Description	2019/2020						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2020 R	YTD Budget June 2020 R	Variance R	% Variance	Explanation of material variances over 10%
Financial Performance							
Interest on investments	700 000	562,000	552,006	562,000	(9,994)	-2%	Immaterial
Government grants and subsidies	77,042,106	100,476,903	72,840,048	100,476,903	(27,636,855)	-28%	Decrease funding budget cuts as a result of COVID 19
Other income	31,545,932	16,081,152	12,614,208	16,081,152	(3,466,944)	-22%	The variance is due to the decrease provision of of income
Total Revenue	109,288,038	117,120,055	86,006,262	117,120,055	(31,113,793)		
Employee Related Costs	22,002,844	20,539,752	20,979,565	20,539,752	439,813	2%	Immaterial
Directors' fees	703 313	813,622	765,519	813,622	(48,103)	-6%	Immaterial
Depreciation, Amortization & Impairment	1 557 161	2,747,563	2,744,405	2,747,563	(3,158)	0%	Immaterial
Repairs and maintenance	201,120	353,604	131,415	353,604	(222,189)	-63%	A portion of the repairs to the tunnels was capital in nature and had to be booked on the capital budget - hence the low expenditure on the operational budget.
General expenses	53,815,263	70,963,068	51,117,131	70,963,068	(19,845,937)	-28%	Expenditure includes grant expenditure for grants received during adjustments budget, which could not be all spent during the year.
Contracted services	26,276,370	16,089,979	14,668,086	16,089,979	(1,421,893)	-9%	Immaterial
Loss on disposal of assets			60,000				
Total Expenditure	104,556,071	111,507,587	90,466,121	111,507,587	(21,101,466)		
Surplus/(Deficit) for the year	4,731,968	5,612,468	-4,459,859	5,612,468	(10,012,327)		

Description	2019/2020						Comments
	Original Budget R	Adjustment Budget R	Actual outcome June 2020 R	YTD Budget June 2020 R	Variance R	% Variance	Explanation of material variances over 10%
<u>Statement of changes in net assets</u>							
Balance as at 1 July 2019	33 106 250	33 106 250	33,357,786	33,106,250	251,535	1%	
Correction Prior Year Period		-	(1,026,163)	(1,026,163)	-	0%	
Surplus/(Deficit) for the year	1,708,579	1 708 579	(4,450,623)	-4,450,623	-	0%	
Balance as at 30 June 2020	34 814 829	34 814 829	27,880,999	27,629,464	251,535		
<u>Cash Flows</u>							
Receipts	45,633,714	45,633,714	130,468,727	130,468,727	-	0%	
Payments	35,839,354	35,839,354	133,300,858	133,300,858	-	0%	
Net cash flows from operating activities	9,794,360	9,794,360	(2,280,124)	-2,280,124	-	0%	
Net cash flows from investing activities	(5,204,216)	(5,204,216)	(780,879)	(780,879)	-	0%	
Net cash flows from financing activities	-	-	(1,076,476)	(1,076,476)	-	0%	
Cash/cash equivalents at the beginning of the year	520,348	520,348	20,229,373	20,229,373	-	0%	
Cash/cash equivalents as at 30 June 2020	5,110,492	5,110,492	16,091,893	16,091,893	0		

The budget is approved on an accrual basis by nature classification. The approved budgets cover the period 1 July 2019 to 30 June 2020.

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.

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. The Entity is also currently able to meet its obligations as the assets exceed liabilities, with the cost coverage sitting at 1,79:1 and the current ratio at 1,24:1. The number of days cash on hand is 54 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

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 BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipal entity.

GRAP 104 Financial Instruments

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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.

Furniture 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 INVENTORIES

4.1 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.

4.2 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.

5 FINANCIAL INSTRUMENTS

5.1 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.

5.2 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.

5.2.1 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.

5.2.2 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.

5.2.3 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.

6 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.

7 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.

8 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.

9 LEASES

MUNICIPAL ENTITY AS LESSOR

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

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

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.

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% (14% until 31 March 2018) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipal entity accounts for VAT on a bi-monthly basis.

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 2017. Current year tax return will be submitted by due date.

13 **EMMPLOYEE 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.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	2020 R	2019 R
1 PAYABLES FROM EXCHANGE TRANSACTIONS		
1.1 Payables		
Trade Payables	3,452,613	4 252 077
Retentions	140,366	
Creditor Accruals	6,319,785	6 523 500
Other Creditors	633,058	373 078
Total Creditors	10,545,823	11 148 655
2 EMPLOYEE BENEFITS		
2.1 Provision for Leave		
Opening balance	1,641,270	1 227 880
Movement	428,715	413 390
Closing Balance	2,069,985	1 641 270
2.2 Long Service Awards		
Opening balance	-	-
Movement	559,000	-
Closing Balance	559,000	-
Total Employee Benefits	2,628,985	1,641,270
3 PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Unspent Conditional Grants and Receipts		
UIF Grant	4,979,164	3 671 505
SASA Grant	22,224	22 224
COGTA RASET Grant	1,942,245	3 759 707
COGTA BIOMASS Grant	5,605	1 681 326
COGTA YEP Grant	4,287,572	744 034
COGTA Public Wi Fi Grant	33,298	1 317 667
COGTA Mini Factories Grant	2,173,913	2 173 913
Maphumulo KwaShushu Grant	391,304	-
District Growth and Development Summit	131,369	131 369
Tourism IDM Grant	203,957	-
EDTEA Kwashushu Grant	10,365	-
MICT SETA Grant	102,064	-
Total Conditional Grants and Receipts	14,283,080	13 501 745
4 VALUE ADDED TAXATION		
Vat Receivable	3,541,309	3 020 481
5 INVENTORY		
Opening Balance	243,680	283 018
Add: Current Year Harvest	-	19 156
Less: Sales	- 32,370	(34 485)
Less: Marketing & Promotion Material	-	(24 009)
Balance as at year end	211,309	243 680

Inventory is classified into one class. It comprise own produce - bottled and unbottled wine as well as wine purchased for resale.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	2020 R	2019 R
6 FINANCE LEASE LIABILITY		
Minimum lease payments due		
- within one year	1,076,476	934 947
- in second to fifth year inclusive	375,266	1 168 684
	<u>1,451,742</u>	<u>2 103 630</u>
less: future finance charges	22,790	24 921
Present value of minimum lease payments	<u>1,428,952</u>	<u>2 078 709</u>
Present value of minimum lease payments due		
- within one year	1,058,013	917 964
- in second to fifth year inclusive	370,940	1 160 745
	<u>1,428,952</u>	<u>2 078 709</u>
Non-current liabilities	370,940	1 160 745
Current liabilities	1,058,012	917 964
	<u>1,428,952</u>	<u>2 078 709</u>
<p>The Entity leases its motor vehicles with Avis and due to the substance of these agreements, they are recognized and disclosed as finance leases. The lease term is 36 months and the interest rate implicit on the agreement is 0,085% per month. Interest rates are generally considered to be fixed at the contract date given the nature of the agreement. All leases have fixed repayments.</p>		
7 DEPRECIATION & IMPAIRMENT		
Depreciation	2,744,405	2 078 668
Impairment	-	29 184
	<u>2,744,405</u>	<u>2,107,852</u>

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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8 PROPERTY, PLANT & EQUIPMENT

Reconciliation of Carrying Value 2019/2020

	Motor Vehicles - Leases	OTHER ASSETS Municipal Buildings	Manufacturing Plant	Furniture and Equipment	Computer Equipment	Total
		R	R	R	R	R
Carrying Values at 1 July 2019	2 073 302	1 241 922	16 528 806	1 773 722	5 876 489	27 494 241
Cost	2 761 044	1 394 976	18 347 377	2 630 076	905 553	26 039 026
WIP	-	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	(687 742)	(153 054)	(7 595 900)	(856 353)	(250 244)	(9 543 294)
Depreciation	(1 052 990)	(46 768)	(1 133 580)	(269 793)	(241 275)	(2 744 405)
WIP Acquisitions	-	-	-	-	-	-
Acquisitions	-	-	105 450	186 467	488 963	780 879
Additions to leases	392 174	-	-	-	-	392 174
Donated Assets	-	-	-	-	2 348	2 348
Impairment	-	-	-	-	-	-
Impairment Reversal	-	-	-	-	-	-
Carrying Value of disposals	-	-	-	5 163	45 601	50 764
Cost	-	-	-	12 855	151 553	164 408
Accumulated depreciation	-	-	-	(7 692)	(105 952)	(113 644)
Carrying Values at 30 June 2020	1 412 486	1 195 154	15 500 676	1 685 233	6 078 576	25,874,474
Cost	3 153 218	1 394 976	18 452 827	2 803 687	1 242 963	27 050 019
WIP	-	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	(1 740 732)	(199 822)	(8 729 480)	(1 118 454)	(385 567)	(12 174 055)

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 and was subsequently wrote off during the 2015/2016 financial year. The agency made a submission to COGTA requesting the project to be written off and the equipment channelled to a new project under Biomass - which was granted. The commissioning of the biomass project has commenced and will be completed in the 2020/2021 financial year.

5,777,329

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.

5,221,181

10,998,510

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
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Reconciliation of Carrying Value 2018/2019	Motor Vehicles - Leases	Municipal Buildings	Manufacturing Plant	Furniture and Equipment	Computer Equipment	Total
	R	R	R	R	R	R
Carrying Values at 1 July 2018		1 288 562	16 151 378	1 109 307	5 529 949	24 079 197
Cost	-	1 394 976	17 480 966	1 797 813	484 162	21 157 917
WIP	-	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	-	(106 414)	(7 106 917)	(688 505)	(175 393)	(8 077 230)
Depreciation	(687 742)	(46 640)	(1 018 043)	(192 645)	(133 599)	(2 078 668)
WIP Acquisitions	-	-	-	-	-	-
Acquisitions	-	-	878 515	861 044	492 500	2 232 059
Additions to leases	2 761 044	-	-	-	-	2 761 044
Impairment	-	-	(29 184)	-	-	(29 184)
Impairment Reversal	-	-	548 970	-	-	548 970
Carrying Value of disposals		-	2 830	3 984	12 361	19 175
Cost	-	-	12 104	28 781	71 109	111 994
Accumulated depreciation	-	-	(9 274)	(24 797)	(58 748)	(92 819)
Carrying Values at 30 June 2019	2 073 302	1 241 922	16 528 806	1 773 722	5 876 489	27 494 242
Cost	2 761 044	1 394 976	18 347 377	2 630 076	905 553	26 039 026
WIP	-	-	5 777 329	-	5 221 181	10 998 510
Accumulated depreciation	(687 742)	(153 054)	(7 595 900)	(856 353)	(250 244)	(9 543 293)

9 BIOLOGICAL ASSETS

Reconciliation of Carrying Value 2019/2020

Carrying Values at 1 July 2019

Cost
Accumulated depreciation

Acquisitions

Loss on Fair value

Carrying Values at 30 June 2020

Cost
Accumulated depreciation

Reconciliation of Carrying Value 2018/2019

Carrying Values at 1 July 2018

Cost
Accumulated depreciation

Acquisitions

Loss on Fair value

Carrying Values at 30 June 2019

Cost
Accumulated depreciation

Vineyards	Total
R	R
590 000	590 000
1,710,000	1 710 000
(1 120 000)	(1 120 000)

-

(60 000)

Vineyards	Total
R	R
530 000	530 000
1,710,000	1 710 000
(1 180 000)	(1 180 000)

Vineyards	Total
R	R
391 400	391 400
1,710,000	1 710 000
(1 318 600)	(1 318 600)

-

198,600

Vineyards	Total
R	R
590,000	590,000
1,710,000	1,710,000
(1 120 000)	(1 120 000)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	2020 R	2019 R
10 ISSUED SHARE CAPITAL		
Name of company Ilembe District Municipality		
Carrying amount	100	100
% Holding	100%	100%
Ordinary par value shares: 100 @ R1 each		
11 RECEIVABLES		
11.1 Receivables from Exchange Transactions		
Provincial Department of Education	4,189,076	8 947 983
SARS	102,113	102 113
Other Debtors	5,994,049	277 796
Total Receivables from Exchange Transactions	10,285,238	9 327 893
11.2 Receivables from Non-Exchange Transactions		
Prepayments	56,635	-
Deposits	176,980	118 150
Total Receivables from non-exchange transactions	233,615	118 150
Total Receivables	10,518,853	9 446 043
12 CASH AND CASH EQUIVALENTS		
12.1 Bank Accounts		
12.1.1 Rocabex - Trust Bank Account - Kloof Branch		
<i>First National Bank Account</i> <i>Account Number 62347813471: Current Account</i>		
Cash book balance at the beginning of the year	204,873	205 218
Cash book balance at the end of the year	-	204 873
Bank statement balance at the beginning of the year	204,873	205,218
Bank statement balance at the end of the year	-	204,873
12.1.2 First National Bank Account - Main Bank Account - Stanger Branch		
<i>Account Number 62450574077: Cheque Account</i>		
Cash book balance at the beginning of the year	2,809,995	91
Cash book balance at the end of the month	1,480,006	2 809 995
Bank statement balance at the beginning of the year	2,809,995	91
Bank statement balance at the end of the month	1,480,006	2 809 995
12.1.3 First National Bank Account - UIF Account - Stanger Branch		
<i>Account Number 62804908286: Corporate Cheque Account</i>		
Cash book balance at the beginning of the year	5,809,093	-
Cash book balance at the end of the month	4,491,853	5 809 093
Bank statement balance at the beginning of the year	5,809,093	-
Bank statement balance at the end of the month	4,491,853	5 809 093
Total Bank Accounts	5,971,858	8 823 961
Petty Cash	2,885	716
	5,974,743	8 824 677

	2020 R	2019 R
12.2 Current Investments		
12.2.1 First National Bank Account - Business Investment Desk Branch <i>Account Number 62602914138 - Call Account</i>		
Cash book balance at the beginning of the year	-	16 111
Cash book balance at the end of the year	<u>13,920</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	16 111
Bank statement balance at the end of the year	<u>13,920</u>	<u>-</u>
12.2.2 First National Bank Account - Business Investment Desk Branch <i>Account Number 62828152752 - Call Account</i>		
Cash book balance at the beginning of the year	-	-
Cash book balance at the end of the year	<u>913,616</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>913,616</u>	<u>-</u>
12.2.3 First National Bank Account - Business Investment Desk Branch <i>Account Number 62854605569 - Call Account</i>		
Cash book balance at the beginning of the year	-	-
Cash book balance at the end of the year	<u>2,529,941</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	<u>2,529,941</u>	<u>-</u>
12.2.4 Investec - Grayston Drive Branch <i>Account Number 1100546992530 Business Top5</i>		
Cash book balance at the beginning of the year	-	2 078 498
Cash book balance at the end of the year	<u>5,065,890</u>	<u>-</u>
Bank statement balance at the beginning of the year	-	2 078 498
Bank statement balance at the end of the year	<u>5,065,890</u>	<u>-</u>
12.2.5 Investec - Grayston Drive Branch <i>Account Number 1100546992500 Business Top5</i>		
Cash book balance at the beginning of the year	5,051,264	-
Cash book balance at the end of the year	<u>-</u>	<u>5 051 264</u>
Bank statement balance at the beginning of the year	5,051,264	-
Bank statement balance at the end of the year	<u>-</u>	<u>5 051 264</u>
12.2.6 First National Bank Account - Business Investment Desk Branch <i>Account Number 62602914138</i>		
Cash book balance at the beginning of the year	5,324,824	-
Cash book balance at the end of the year	<u>-</u>	<u>5 324 824</u>
Bank statement balance at the beginning of the year	5,324,824	-
Bank statement balance at the end of the year	<u>-</u>	<u>5 324 824</u>
12.2.7 First National Bank Account - Business Investment Desk Branch <i>Account Number 62793930142</i>		
Cash book balance at the beginning of the year	1,028,608	-
Cash book balance at the end of the year	<u>1,593,783</u>	<u>1 028 608</u>
Bank statement balance at the beginning of the year	1,028,608	-
Bank statement balance at the end of the year	<u>1,593,783</u>	<u>1 028 608</u>
Total Current Investments	<u><u>10,117,150</u></u>	<u><u>11,404,696</u></u>
CASH & CASH EQUIVALENTS	<u><u>16,091,893</u></u>	<u><u>20 229 373</u></u>

	2020 R	2019 R
13 RENTAL INCOME OF FACILITIES	5,051,260	
Mathonsi Tunnels	106,957	84 348
	106,957	84 348
The rental income relates to the agreement in place between the Agency and Farley Farms (for the Mathonsi Tunnel). The agreement with Farley is in place from 1 November 2017 to 31 October 2020.		
14 INTEREST RECEIVED		
Bank	95,776	154 856
Investments	456,229	664,981
	552,006	819 837
Interest from investments was derived from amounts invested with FNB and Investec Banks.		
15 GOVERNMENT GRANTS AND SUBSIDIES		
UNCONDITIONAL GRANTS		
Operational Ex IDM	25,668,420	21 667 932
Ilembe District Municipality - LED Projects & Programmes	1,096,200	3 050 000
Ilembe District Municipality - Tourism Programmes	994,043	1 950 000
Ilembe District Municipality - Development of SMME's	3,851,280	3 980 000
CONDITIONAL GRANTS		
COGTA Public Wi Fi Grant	1,284,369	856 246
COGTA YEP Grant	804,288	125 531
COGTA BIOMASS Grant	1,675,721	2 666 500
COGTA RASET Grant	1,817,462	588 119
SASA Grant	-	197 776
UIF Grant	34,103,629	11 999 307
Maphumulo IEC Project	-	697 500
MICT SETA	685,436	-
Kwashushu Project	859,200	-
Total Government Grant and Subsidies	72,840,048	47 778 912
15.1 Grant COGTA Public Wi Fi Grant		
Balance unspent at beginning of year	1,317,667	-
Current year receipts	-	2 173 913
Conditions met - transferred to revenue	(1 284 369)	(856 246)
Conditions still to be met-transferred to liabilities	33,298	1 317 667
15.2 Grant COGTA Mini Factories Grant		
Balance unspent at beginning of year	2,173,913	-
Current year receipts	-	2 173 913
Conditions still to be met-transferred to liabilities	2,173,913	2 173 913
15.3 Grant Ilembe District Municipality - LED		
Current year receipts	1,096,200	3 050 000
Conditions met - transferred to revenue	(1 096 200)	(3 050 000)
Conditions still to be met-transferred to liabilities	-	-
15.4 Grant Ilembe District Municipality - Tourism		
Current year receipts	1,198,000	1 950 000
Transferred to revenue - no further conditions to be met	(994 043)	(1 950 000)
Conditions still to be met-transferred to liabilities	203,957	-
15.5 COGTA YEP Grant		
Balance unspent at beginning of year	744,034	-
Current year receipts	4,347,826	869 565
Conditions met - transferred to revenue	(804 288)	(125 531)
Conditions still to be met-transferred to liabilities	4,287,572	744 034

	2020 R	2019 R
15.6 Grant COGTA BIOMASS Grant		
Balance unspent at beginning of year	1,681,326	-
Current year receipts	-	4 347 826
Conditions met - transferred to revenue	(1 675 721)	(2 666 500)
Conditions still to be met-transferred to liabilities	5,605	1 681 326
15.7 Grant COGTA RASET Grant		
Balance unspent at beginning of year	3,759,707	-
Current year receipts	-	4 347 826
Conditions met - transferred to revenue	(1 817 462)	(588 119)
Conditions still to be met-transferred to liabilities	1,942,245	3 759 707
15.8 Grant SASA		
Balance unspent at beginning of year	22,224	-
Current year receipts	-	220 000
Conditions met - transferred to revenue	-	(197 776)
Conditions still to be met-transferred to liabilities	22,224	22 224
15.9 Grant District Growth and Development Summit 2018 - COGTA		
Balance unspent at beginning of year	131,369	131 369
Conditions still to be met-transferred to liabilities	131,369	131 369
15.10 Growth UIF Grant		
Balance unspent at beginning of year	3,671,505	-
Current year receipts	35,411,288	15 670 812
Conditions met - transferred to revenue	(34 103 629)	(11 999 307)
Conditions still to be met-transferred to liabilities	4,979,164	3 671 505
15.11 Development of SMMEs		
Current year receipts	3,851,280	3 980 000
Conditions met - transferred to revenue	(3 851 280)	(3 980 000)
Conditions still to be met-transferred to liabilities	-	-
15.12 Maphumulo IEC Grant		
Current year receipts	-	700 000
Conditions met - transferred to revenue	-	(697 500)
Adjustments and Transfers	-	(2 500)
Conditions still to be met-transferred to liabilities	-	-
15.13 EDTA Kwashushu Grant		
Current year receipts	869,565	-
Conditions met - transferred to revenue	(859 200)	-
Conditions still to be met-transferred to liabilities	10,365	-
15.14 Maphumulo Kwashushu Grant		
Current year receipts	391,304	-
Conditions still to be met-transferred to liabilities	391,304	-
15.15 MICT SETA Grant		
Current year receipts	787,500	-
Conditions met - transferred to revenue	(685 436)	-
Conditions still to be met-transferred to liabilities	102,064	-

	2020 R	2019 R
16 OTHER INCOME		
KwaDukuza Municipality	45,598	206,450
Wine sales	56,940	64,169
Insurance refunds	53,604	121,625
Africa Ignite	-	528,006
Maphumulo W-Fi	153,850	-
Tourism KZN	-	367,540
Phambili Energy - Rent & Operational Recoveries	920,699	-
Other income	7,022	30,003
	1,237,712	1 317 794
17 National Schools Nutrition Programme		
Supply of vegetables	11 269 539	21 371 976
	11,269,539	21 371 976
<p>The Entity has a contract with the Department of Education (DOE) for the supply of vegetables to schools within iLembe District. DOE and the Entity signed a 3 year SLA commencing on 1 July 2017 until 30 June 2020. For the 2019/2020 financial year, the revenue is less due to the national lockdown and feeding did not take place as schools were closed. Also, in 2018/2019, the Entity supplied Amasi, which did not happen in the current financial year.</p>		
18 EMPLOYEE RELATED COSTS		
Employee related costs - salaries and wages	15,567,328	13 692 941
Vineyard Wages	995,840	1 156 211
Tunnel workers	343,452	552 202
Pension contributions	1,306,871	1 109 615
Medical aid	820,789	665 418
UIF	220,200	201 500
Leave pay	544,092	484 985
Long-Service Awards	559,000	-
Car and other allowances	621,993	194 278
	20,979,565	18 057 150
Included in the employee related costs are the following:		
Remuneration of the Chief Executive Officer		
CEO	1,571,714	1 525 488
UIF	1,785	1 785
Total	1,573,499	1 527 272
Remuneration of the Chief Operating Officer		
Annual Remuneration	913,987	-
Car and other allowances	249,769	-
Medical Aid	13,797	-
Pension Fund	52,339	-
UIF	1,785	-
Total	1,231,677	-
Remuneration of the Chief Financial Officer		
Annual Remuneration	1,060,225	1 081 816
Car and Other Allowances	136,746	42 100
Medical Aid	46,930	43 956
Pension Fund	198,881	186 743
UIF	1,785	1 785
Total	1,444,566	1 356 400
Remuneration of the Head: LED		
Annual Remuneration	-	1 051 986
Car and other allowances	-	58 704
Medical Aid	-	31 985
Pension Fund	-	91 465
UIF	-	1 785
Total	-	1 235 923
Remuneration of the Manager: Tourism, Market and Communication		
Annual Remuneration	839,460	954 405
Car and other allowances	197,078	60 674
Medical Aid	46,930	43 956
Pension Fund	91,463	85 881
UIF	1,785	1 785
Total	1,176,715	1 146 701

	2020 R	2019 R
19 REMUNERATION OF BOARD MEMBERS		
Remuneration includes a retainer and attendance fees at meetings:		
KS Shandu - Chairperson (Appointed November 2015)	130,463	121 463
AT Nzama - Deputy Chairperson (Re-Appointed February 2017)	111,437	90 437
D Nene - Finance & HR Chairperson (Appointed November 2017)	102,939	93 437
JC Delofse (Re-appointed February 2017)	110,420	92 420
ZS Gumede (Appointed February 2017)	92,420	95 420
N Mngadi (Appointed February 2017)	98,420	77 420
B Mngadi (Appointed February 2018)	119,420	89 420
Total Board Members' Remuneration	765,519	660 017
20 REPAIRS AND MAINTENANCE		
General Repairs	129,676	313 755
Repairs and Maintenance tunnels and hubs	1,739	777 271
	131,415	1 091 025
21 CONTRACTED SERVICES		
Other Contracted Services	3,109,373	2 556 618
Rental of premises	1,074,826	808 998
Security	1,085,617	795 509
Cleaning services	88,867	95 834
Fuel and Oil	337,920	345 525
Internal Audit	381,472	211 951
Lease of Vehicles	-	226 082
Leases- Office Equipment	140,671	72 719
National Schools Nutrition Programme	11,558,712	18 025 556
NSNP: Vegetables - Market	2,475,670	4 264 913
NSNP: Farmers	4,556,784	4 860 864
NSNP: Hub Workers	257,550	265 272
NSNP: Amasi	-	2 840 403
NSNP: Transportation of Vegetables	4,268,709	5 794 104
	14,668,086	20 582 175
22 GENERAL EXPENSES		
Included in general expenses is the following: -		
Admin Costs/Consumables	15,221	54 288
Advertising	118,995	403 305
Audit Committee	109,500	105 000
Bank Charges	88,977	54 015
Board Expenses/Travel	-	27 632
Conference and workshop	71,246	56 410
Consulting and Professional Fees	5,577,500	4 806 970
COVID19 Expenditure	130,206	-
Development of SMMEs	590,568	853 066
Entertainment/Refreshments	53,793	101 571
External Audit Fees	731,936	666 588
Fleet cards	53,487	-
ICT Services	424,953	952 691
Interest and Penalties	37,166	20 027
Legal Fees	380,774	286 659
Marketing, Communication & investments	1,039,841	1 928 453
Mechanization	484,152	1 114 524
Postage, Courier & Delivery Services	6,872	6 565
Printing and stationary	120,163	114 059
Projects Expenditure	10,877,770	4 759 529
Purchase of Wine	32,370	39 338
Subscriptions/Licences/Insurance	164,455	181 641
Subsistence, Travel & Accommodation	503,859	1 387 801
Telephone and Fax	482,967	466 958
Tourism events and exhibitions	422,071	1 345 090
Training	12,885,131	6 322 968
UIF Learner Stipends	15,095,398	2 042 000
Uniforms	524	36 974
Excess of Insurance	6,590	-
Water and Electricity	337,015	292 789
Winery Operations	213,628	8 975
	51,057,131	28 435 886

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23 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

23.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balances-	2,025	
Fruitless and wasteful expenditure current year	2,500	35 150
Fruitless and wasteful expenditure written off	(500)	(33 126)
Fruitless and wasteful expenditure not yet written off	4,025	2 025

Incident	Action Taken
1. Interest and penalties amounting to R2,025 charged on the late submission and payment of excise duties return.	The matter was reported to Board and a letter requesting to reverse the interest and penalties was sent to SARS. There were delays due to the National Lockdown and the Appeals Committee could not sit. It is expected to sit during the month of October 2020
2. A penalty of R500 was charged for the late submission of CIPC returns	This was an audit finding as the return was outstanding. This was written off by Board and a resolution taken to move the function from Administration to the Finance Department
3. A penalty of R2,000 imposed by SARS due to late submission of excise duties return	An investigation is currently being conducted by the CEO. A report was received from the incumbent responsible for submitting the return.

23.2 Irregular expenditure

Reconciliation of irregular expenditure:

Opening balance	2,244	-
Awards to employees of the state current year	-	2 244
Competitive bidding process not followed. MOA in place	7,039,359	
Irregular Expenditure relating to prior years	4,014,290	
Amount written off by Board	(2 244)	-
Irregular expenditure not yet written off	11,053,649	2 244

23.3 Deviations

Deviations were approved in terms of Section 34 of the Supply Chain Management Policy:

Total Value	5,103,658	5 909 837
Total Number of Cases	2	6

24 CASH GENERATED/(UTILISED) BY OPERATIONS

Surplus for the year	(4 450 623)	1 167 156
Adjustment for: -		
Adjustments/Previous years operating transactions	325 591	3 441 311
Depreciation, impairment & amortization	2,744,405	2 107 851
Loss/(gain) on disposal of property, plant and equipment	101,528	(728 394)
Investment income	(552 006)	(819 837)
Finance costs	34,546	(18 876)
Operating surplus/(deficit) before working capital changes:	(1 796 560)	5 149 211
Decrease in Inventories	32,371	39 338
Increase in Receivables From Exchange Transactions	(957 345)	(3 158 753)
Increase in Receivables From Non-Exchange Transactions	(115 465)	
Increase in Unspent conditional grants	781 335	12 670 376
Increase/(Decrease) in Payables	(602 833)	8 226 295
Increase/(decrease) in finance lease liability current	140,048	917 964
Increase/(Decrease) in Employee benefits	987 715	-
Increase in VAT Receivables	(520 828)	(2 674 640)
Increase/(decrease) in finance lease liability non-current	(789 805)	1 160 745
Cash generated/(utilised) by operations	(2 841 367)	22 330 537

	2020 R	2019 R
25 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		
Current Investments	10,117,150	11 404 696
Bank balances and cash	5,974,743	8 824 677
Total cash and cash equivalents at the end of the year	<u>16,091,893</u>	<u>20 229 373</u>
26 GAINS AND LOSSES		
26.1 Disposal of Assets		
Loss on disposal	50 764	19 175
	<u>50,764</u>	<u>19 175</u>
26.2 (Gain) / Loss on fair valuing of Biological assets	60,000	(198 600)
	<u>60,000</u>	<u>(198 600)</u>
26.3 Impairment Reversal	-	(548 970)
	<u>-</u>	<u>(548 970)</u>
27 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
<u>27.1 Audit fees</u>		
Current year audit fee	731,936	666 588
Amount paid - current year	(731 936)	(666 588)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>
<u>27.2 PAYE, Skills and UIF</u>		
Opening balance	311,535	249 025
Current year payroll deductions	4,179,095	3 504 442
Amount paid - current year	(4 173 742)	(3 441 933)
Balance unpaid (included in creditors)	<u>316,888</u>	<u>311 535</u>
<u>27.3 Medical Aid Contributions</u>		
Opening balance	61,562	93 067
Current year payroll deductions	1,460,542	1 129 791
Amount paid - current year	(1 380 337)	(1 161 296)
Balance unpaid (included in creditors)	<u>141,767</u>	<u>61 562</u>
<u>27.4 Pension Contributions</u>		
Opening balance	(18)	-
Current year payroll deductions	2,060,278	1 689 553
Amount paid - current year	(1 887 133)	(1 689 571)
Balance unpaid (included in creditors)	<u>173,127</u>	<u>(18)</u>
<u>27.5 SAMWU</u>		
Opening balance	-	-
Current year payroll deductions	1,690	-
Balance unpaid (included in creditors)	<u>1,690</u>	<u>-</u>
28 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.

	2020 R	2019 R
29 CORRECTION OF PRIOR PERIOD ERROR		
Effects on Statement of Financial Performance		
General Expenses		(704 447)
These relate to expenses raised in the incorrectly		<u>(704 447)</u>
Effects on Statement of Financial Position		
Property, Plant and Equipment		(856 247)
Relate to expenses relating to the Public Wifi project that was incorrectly capitalised to Property Plant and Equipment.		<u>(856 247)</u>
Effects on Statement of Net Assets		<u>(704 447)</u>

30 EVENTS AFTER THE REPORTING DATE

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

31 RELATED PARTIES

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

Related party balances

Amounts owing by/(to) iLembe District Municipality :

Opening Balance	(871 751)	646,698
Movements during the year	822,888	(1 518 448)
Closing Balance	(48,862)	(871,751)

This amount is included under payables

Grant income received by Enterprise Ilembe:

Administration Grant	25,668,420	21 667 932
LED Grant	1,096,200	3 050 000
Tourism Grant	1,198,000	1 950 000
Raset Grant	-	5 000 000
YEP Grant	5,000,000	1 000 000
Biomass Grant	-	5 000 000
Mini-Factories	-	2 500 000
Public Wi-Fi	-	2 500 000
EDTEA Grant	1,000,000	-
Development of SMMEs	3,851,280	3 980 000
	37,813,900	46 647 932

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

32 OPERATING LEASES

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

No later than 1 year	136,506	136 506
Later than 1 year and no later than 5 years	113,755	250 261
	250,261	386 767

The entity entered into a lease agreement for machinery (contract for 5 printing machines) which is for the period 01 April 2019 to 31 March 2022.

33 GOING CONCERN

The annual financial statements for the period ended 30 June 2020 have been prepared on a going concern basis. 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 agency does not foresee anything that will hinder it operating in the future.

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34 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES

34.1 Interest Rate Analysis

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

Financial Assets:

External Investments:

Current Investments	10,117,150	11,404,696
Bank balances and cash	5,974,743	8,824,677
	<u>16,091,893</u>	<u>20,229,373</u>

Interest earned bank external investments	<u>552,006</u>	<u>819,837</u>
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Interest rate	<u>3.4%</u>	<u>4.1%</u>
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Outstanding Debtors:

Other debtors	10,341,873	9,327,893
	<u>10,341,873</u>	<u>9,327,893</u>

Interest earned on outstanding debtors		
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Interest rate	<u>0.0%</u>	<u>0.0%</u>
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34.2 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	10,341,873	9,327,893
Cash and cash equivalents	12	16,091,893	20,229,373

Ageing of consumer debtors:

Current	3,995,297	1,823,874
31-60 days	4,627,116	6,847,552
>60 days	1,719,460	656,467

Net Consumer Debtors	<u>10,341,873</u>	<u>9,327,893</u>
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34.3 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	1,058,013	917,964
Trade Payables	10,365,972	11,148,655
	<u>11,423,985</u>	<u>12,066,619</u>

Between Two to Five Years

Finance lease liability	370,940	1,160,745
Trade Payables	-	-
	<u>370,940</u>	<u>1,160,745</u>

35 SUBSEQUENT EVENTS

There have been no subsequent events from 1 July 2020 to the date of issuing of these financial statements, other than those disclosed herein.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX A : SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
 AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	Opening Balance	Additions	Cost / Valuation Write Offs / Valuations	Transfers/ WIP	Closing Balance	Opening Balance	Accumulated Additions	Depreciation Impairment loss/ Reversal of impairment loss/Transfer s	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R
Manufacturing Plant	24 124 706	105 450	-	-	24 230 156	7 595 900	1 133 580	-	8 729 480	15 500 676
Municipal Buildings	1 394 976	-	-	-	1 394 976	153 054	46 768	-	199 822	1 195 154
Biological Assets	590 000	-	(60,000)	-	530 000	-	-	-	-	530 000
Furniture and Equipment	2 630 076	186 467	(12 855)	-	2 803 687	856 353	269 793	(7 692)	1 118 454	1 685 233
Motor Vehicle - Leases	2 761 044	392 174	-	-	3 153 218	687 742	1 052 990	-	1 740 732	1 412 486
Computer Equipment	6 126 734	491 311	(151 553)	-	6 466 491	250 244	241 275	(105 952)	385 567	6 080 924
	37 627 535	1 175 401	(224 408)	-	38 578 529	9 543 294	2 744 405	(113 644)	12 174 055	26 404 474

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX B: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
 AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

2019 Actual Revenue R	2019 Actual Expenditure R	2019 (Surplus)/ Deficit R		2020 Actual Revenue R	2020 Actual Expenditure R	2020 (Surplus)/ Deficit R
72 120 436	70 953 280	1 167 156	Administration	86 006 262	90 456 885	(4 450 623)
72 120 436	70 953 280	1 167 156	(Surplus) for the year	86 006 262	90 456 885	(4 450 623)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX C(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)
 AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

Description	2019/20 Original Budget	2019/20 Adjusted Budget	Prorata Budget	Actual Outcome	Variance	Variance %	Explanation of significant Variance greater than 10% versus Final Budget
R			R	R	R		
Financial Performance							
Interest on investment	700 000	562 000	562 000	552 006	(9 994)	-2%	Immaterial
Government grants and subsidies	77 042 106	100 476 903	100 476 903	72 840 048	(27 636 855)	-28%	Delays in the implementation of UIF - also impact of the National Lockdown, therefore no invoices were billed to Department of Labour
Other Income	31 545 932	16 081 152	16 081 152	12 614 208	(3 466 944)	-22%	National Lockdown impact - schools did not open for the last quarter of the financial year.
Total Revenue (excluding capital transfers & contributions)	109 288 038	117 120 055	117 120 055	86 006 262	(31 113 793)	-18%	
Employee related costs	22 002 844	20 539 752	20 539 752	20 979 565	439 813	2%	Immaterial
Directors Fees	703 313	813 622	813 622	765 519	(48 103)	-6%	Immaterial
Depreciation	1 557 161	2 747 563	2 747 563	2 744 405	(3 158)	0%	Immaterial
Repairs and Maintenance	201 120	353 604	353 604	131 415	(222 189)	-63%	Repairs are on a needs basis
Contracted Services	26 276 370	16 089 979	16 089 979	14 668 086	(1 421 893)	-9%	Immaterial
General Expenses	53 815 263	70 963 068	70 963 068	51 117 131	(19 845 937)	-28%	Impact of the National Lockdown and delays in the implementation of the UIF Project
Loss on disposal of assets	-	-	-	60 000	60 000	0%	
Total Expenditure	104 556 071	111 507 587	111 507 587	90 466 121	(21 041 466)	-13%	
Surplus/(Deficit) before tax	4 731 968	5 612 468	5 612 468	(4 459 859)	(10 072 327) 90 465 331		
Surplus/(Deficit)	4 731 968	5 612 468	5 612 468	(4 459 859)	(10 072 327)	0%	
Capital expenditure & funds sources							
Internally generated funds	4 697 826	6 043 486	6 043 486	1 175 401	(4 868 085)	-58%	The Youth Enterprise Project started late in the financial year and was also impacted by the National Lockdown.
Total sources of capital funds	4 697 826	6 043 486	6 043 486	1 175 401	(4 868 085)	0%	

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX C(2): ACTUAL VERSUS BUDGET BY DEPARTMENT (REVENUE AND EXPENDITURE)
 AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	Actual 2020	Budget 2020	Variance 2020
	R	R	R
REVENUE			
Rental Income	106 957	60 000	46 957
Interest on investment	552 006	562 000	(9 994)
Government grants and subsidies	72 840 048	100 476 903	(27 636 855)
Other income	12 507 251	16 021 152	(3 513 901)
Total Revenue	86 006 262	117 120 055	(31 113 793)
EXPENDITURE			
Organisational development	90 456 885	111 507 587	(21 050 702)
Total Expenditure	90 456 885	111 507 587	(21 050 702)
Surplus / (Deficit) for the year	(4 450 623)	5 612 468	(10 063 091)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX C(3): ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
 AUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

	2020 Actual R	2020 Budget R	2020 Variance R	2020 Variance %
Administration	1 175 401	6 043 486	(4 868 085)	-81%
	<hr/>	<hr/>	<hr/>	<hr/>
	1 175 401	6 043 486	(4 868 085)	-81%

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
 UNAUDITED SUPPLEMENTARY APPENDIX D : GRANTS AND SUBSIDIES RECEIVED - 2019/2020
 UNAUDITED ANNUAL FINANCIAL STATEMENTS AS AT 30 JUNE 2020

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

Name of Grants	Unspent Balance 2018/2019	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Adjustments and Transfers	Total Expenditure	Unspent Balance 2019/2020
		July 19 to Sept 19	Oct 19 to Dec 19	Jan 20 to Mar 20	April 20 to June 20		July 19 to Sept 19	Oct 19 to Dec 19	Jan 20 to Mar 20	April 20 to June 20			
		1	2	3	4		1	2	3	4			
Ilembe District Municipality - LED	-	-	379 200	-	717 000	1 096 200	283 984	323 910	250 294	238 012	-	1 096 200	-
Ilembe District Municipality - Tourism	-	-	1 198 000	-	-	1 198 000	297 418	452 134	124 491	120 000	-	994 043	203 957
Development of SMMEs	-	1 658 333	1 326 667	-	866 280	3 851 280	962 820	1 069 165	1 401 495	417 800	-	3 851 280	-
SASA Grant	22 224	-	-	-	-	-	-	-	-	-	-	-	22 224
District Growth & Development Summit	131 369	-	-	-	-	-	-	-	-	-	-	-	131 369
Maphumulo Kwashushu	-	-	-	391 304	-	391 304	-	-	-	-	-	-	391 304
Raset Grant	3 759 707	-	-	-	-	-	1 071 304	611 119	135 039	-	-	1 817 462	1 942 245
Biomass Project	1 681 326	-	-	-	-	-	1 675 721	-	-	-	-	1 675 721	5 605
Public-Wifi	1 317 667	-	-	-	-	-	642 185	545 857	-	96 328	-	1 284 369	33 298
Mini Factories	2 173 913	-	-	-	-	-	-	-	-	-	-	-	2 173 913
UIF Training	3 671 505	-	16 728 975	14 842 313	3 840 000	35 411 288	4 758 404	13 731 680	3 541 066	12 072 479	-	34 103 629	4 979 164
EDTEA Kwashushu	-	-	-	-	869 565	869 565	-	-	808 800	50 400	-	859 200	10 365
MICT SETA	-	-	-	-	787 500	787 500	-	-	-	685 436	-	685 436	102 064
YEP Grant	744 034	-	4 347 826	-	-	4 347 826	-	556 336	-	247 952	-	804 288	4 287 571
	13 501 745	1 658 333	23 980 668	15 233 617	7 080 345	47 952 963	9 691 836	17 290 201	6 261 184	13 928 407		47 171 628	14 283 080

Unspent grants as at 30 June 2019 13 501 745

Unspent grants as at 30 June 2020 14 283 080