



enterprise ilembe
ECONOMIC DEVELOPMENT AGENCY

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

Registration Number: 2006 / 032665 / 07

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011**

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

CONTENTS

	Page
General Information	3
Report	4
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Notes to the Financial Statements	10
Appendix A1: Budget Reconciliation Statement Comparative and Actual	36
Appendix A2: Reconciliation Budget Surplus/Deficit with Statement of Financial Performance	37
Appendix B: Analysis of Property, Plant and Equipment	38
Appendix C: Segmental Analysis of Property, Plant and Equipment	39
Appendix D: Detailed Segmental Statement of Financial Performance	40
Appendix E1: Actual Operating Versus Budget	41
Appendix E2: Actual Capital Versus Budget	42
Appendix F: Disclosure of Grants and Subsidies	43

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

GENERAL INFORMATION

REGISTRATION NUMBER:

2006/032665/07

EXTERNAL AUDITORS:

Auditor General

BANKERS:

ABSA

POSTAL ADDRESS:

P O Box 593

Ballito

4420

PHYSICAL ADDRESS:

Sangweni Tourism Centre

Cnr. Ballito Drive and Link Road

Ballito

TELEPHONE:

032-9461256

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086 219 8745

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

REPORT

In terms of section 299 of the Companies Act, 1973, the following report is submitted for the year ended 30 June 2011.

GENERAL REVIEW

The 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 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 entity's affairs at 30 June 2011.

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

NATURE OF BUSINESS

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

SHARE CAPITAL

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

DIVIDENDS

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

LIST OF DIRECTORS

C M Manci - Chairperson

B N Linda

I Deetlefs

P M Mabaso

R Meer

D Naidoo (Resigned - September 2010)

M H Gumede (Resigned - September 2010)

T Chetty (Resigned - November 2010)

Fees for attendance at meetings totalling R418 240 (R106 000 in 2010) were paid during the year under review.

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

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

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

All employees are required to maintain the highest ethical and integrity standards in ensuring that the 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 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 entity.

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

The annual financial statements were submitted to the Auditor General for auditing on 31 August 2011. The annual financial statements will be submitted to the Board of Directors at their meeting in September 2011 and are signed by:

Mr. C M Mancini
Chairperson

31 August 2011

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	2011 R.	2010 R.
ASSETS			
Current assets		27 126 566	18 920 610
Call and Investment Deposits	2	22 167 237	14 772 244
Bank Balance and Cash	2	3 517 196	2 201 284
Receivables	3	224 143	1 349 242
VAT receivable	9	1 217 991	597 840
Non-current assets		25 968 388	7 208 472
Property, plant and equipment	6	25 942 038	7 182 122
Loans & Receivables	4	26 350	26 350
Total assets		53 094 954	26 129 082
LIABILITIES			
Current liabilities			
Accounts Payable	7	1 844 997	4 937 948
Unspent conditional grants and receipts	10	25 622 510	13 886 420
Provision	11	155 460	43 224
Total liabilities		27 622 968	18 867 592
Net assets		25 471 987	7 261 490
NET ASSETS			
Accumulated surplus		25 471 887	7 261 390
Share Capital	5	100	100
Total net assets		25 471 987	7 261 490

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 R.	2010 R.
Revenue			
Grants	14	27 629 659	12 521 895
Interest Received	13	1 277 735	363 763
Rental Income	12	180 000	180 000
Other Income		550	15 600
Total revenue		29 087 944	13 081 258
Expenses			
Employee related costs	15	2 462 160	500 767
Directors Attendance Fees	16	418 240	106 000
Depreciation and amortisation expense	17	82 762	26 415
Repairs and maintenance		27 663	83 491
Provisions	11	112 236	43 224
Contracted Services	18	692 725	
Grant expenditure	19	3 938 234	3 448 701
General expenses	19	3 166 865	2 519 693
Total expenses		10 900 884	6 728 291
Surplus / (deficit) for the period		18 187 060	6 352 967
(Loss) on sale of assets	20	-	(1 952)
Net Surplus / (deficit) for the period		18 187 060	6 351 015

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2011

	Shares	Accumulated Surplus/(Deficit)	Total: Net Assets
	R	R	R
Balance at 30 June 2009	100	873 451	873 551
Restated balance	100	873 451	873 551
Surplus / (deficit) for the period	-	6 351 015	6 351 015
Donated and contributed PPE	-	36 924	36 924
Balance at 30 June 2010	100	7 261 390	7 261 490
Correction of prior period error	-	23 437	23 437
Restated balance	100	7 284 827	7 284 927
Surplus / (deficit) for the period	-	18 187 060	18 187 060
Balance at 30 June 2011	100	25 471 887	25 471 987

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
CASH FLOW STATEMENT AS AT 30 JUNE 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations		26 252 409.12	22 517 504.00
Cash receipts from ratepayers, government and other		33 209 305.08	29 196 156.00
Cash paid to suppliers and employees		(6 956 895.96)	(6 678 652.00)
Interest received		1 277 734.94	363 763.00
Interest paid		-	-
		1 277 734.94	363 763.00
Net cash flows from operating activities	22	27 530 144.06	22 881 267.00
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(18 819 240)	(7 210 489)
Proceeds on disposal of property plant and equipment			
Investment Redeemed / (Made)			
Net cash flows from investing activities		(18 819 240)	(7 210 489)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)			
NET CASH FROM FINANCING ACTIVITIES		-	-
Net increase in cash and cash equivalents		8 710 904	15 670 778
Cash and cash equivalents at beginning of period		16 973 528	1 302 750
Cash and cash equivalents at end of period	23	25 684 432	16 973 528

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1 ACCOUNTING POLICY NOTE

1.1 BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act No. 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyper-inflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

1.2 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost and adjusted for any impairment in value. Plant and equipment is depreciated on the straight line basis at rates estimated to write off the cost of the plant and equipment over their expected useful lives.

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

		Depreciation Rate
Furniture and equipment	7 years	15%
Machinery and equipment	7 years	15%
Computer equipment	5 years	20%

All the above categories of fixed assets are included in property plant and equipment disclosed as other assets in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

The estimated useful lives and residual values of property, plant and equipment are periodically reviewed and adjusted where necessary.

The gain or loss arising on the disposal 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. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.3 LEASED ASSETS

Leases of property, plant and equipment where the entity assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charges is charged to the Statement of Financial Performance over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

All other leases are treated as operating leases and the relevant rentals are charged to the operating account in a systematic manner related to the period of use of the asset concerned.

1.4 CURRENCY

These financial statements are presented in South African Rand.

1.5 REVENUE FROM EXCHANGE TRANSACTIONS

Interest 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.

Other income is recognised in the Statement of Financial Performance on an accrual basis.

1.6 PROVISIONS

Provisions are recognised where the entity has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be made.

1.7 ACCOUNTS PAYABLE

Accounts payable are stated in the annual financial statements at the amounts due to trade and other creditors for goods or services received. The liabilities are generally settled within a period of 30 days, accordingly impairment, if any, is considered to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.8 FINANCIAL INSTRUMENTS

Financial instruments are initially measured at fair value. The subsequent measurement of financial instruments is dealt with below and in the absence of an approved GRAP standard, is in accordance with IAS 39.

1.8.1 INVESTMENTS

Financial instruments, which include unlisted, reciprocal municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks are stated in the annual financial statements at the lower of cost or fair value. No impairments are required as the cost values equate to their cash values.

Where investments have been impaired, the carrying values are adjusted by the impairment losses, which are recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net proceeds on disposal and the carrying amount is charged or credited to the Statement of Financial Performance.

1.8.2 ACCOUNTS RECEIVABLE

Account 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. 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.

Bad debts are written off during the year in which they are identified.

An impairment or bad debt loss is recognised when it is probable that the entity will not be able to collect all amounts due (principal and interest) according to the contractual terms of the accounts receivable. The assessment of objective indicators of impairment for accounts receivable is carried out at each balance sheet date.

1.8.3 CASH AND CASH EQUIVALENT

Cash and cash equivalents include cash on hand, short term investments with financial institutions and the amount deposited with financial institutions as part of the entity's current account.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

1.9 RELATED PARTIES

The entity in the ordinary course of business enters into transactions with related parties. These occur under the terms and conditions that are not more favourable to those entered into with third parties in arm's length transactions.

1.10 CONDITIONAL GRANTS AND RECEIPTS

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. A liability is recognised to the extent that the criteria, conditions or obligations have not been met.

1.11 CREDIT RISK

Exposure to credit risk is minimal due to the nature of the entity. The income mainly comprises of grants from the iLembe District Municipality.

1.12 LIQUIDITY RISK

The entity's exposure to liquidity risk is very minimal due to the majority of their income being from grants for specified projects/functions.

1.13 GOING CONCERN

These annual financial statements have been prepared on a going concern basis.

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011**

	2011	2010
	R	R
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash at bank	3 515 196	2 199 284
Call Investments	22 167 237	14 772 244
Cash on hand	2 000	2 000
	25 684 433	16 973 528
The Entity has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
ABSA, Public Sector Branch, Account Number 4060362852		
Cash book balance at beginning of year	2 199 284	1 302 750
Cash book balance at end of year	3 515 196	2 199 284
Bank statement balance at beginning of year	2 199 284	1 302 750
Bank statement balance at end of year	3 515 196	2 199 284
<u>Call Investment</u>		
Investec, Sandton Branch, Account No. 50004108608		
Cash book balance at beginning of year	14 772 244	-
Cash book balance at end of year	22 167 237	14 772 244
Bank statement balance at beginning of year	14 772 244	-
Bank statement balance at end of year	22 167 237	14 772 244
<u>Cash on hand</u>		
Petty Cash	2 000	2 000

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011**

	2011	2010
	R	R
3 RECEIVABLES		
Ilembe District Municipality	224 143	1 349 242
Total Other Debtors	<u>224 143</u>	<u>1 349 242</u>
Receivables Ageing:		
61-90 days	224 743	349 242
Greater than 150 days	-	1 000 000
	<u>224 743</u>	<u>1 349 242</u>
4 LOANS & RECIEVABLES		
Coastal Farmers	20 000	20 000
Eskom	6 350	6 350
	<u>26 350</u>	<u>26 350</u>
These represent deposits held by suppliers		
5 ISSUED SHARE CAPITAL		
Authorised Shares:		
Ordinary Shares: 100 @ R1 each	<u>100</u>	<u>100</u>
Issued Share Capital:		
Ordinary Shares: 100 @ R1 each	<u>100</u>	<u>100</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

6 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land R	Buildings R	Infrastr ucture R	Other Assets R	Projects Under Construction R	Total R
Carrying values at 1 July 2009	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-
	-	-	-	416 032	6 768 042	7 184 074
Acquisitions	-	-	-	442 447	-	442 447
Projects under Construction	-	-	-	-	6 768 042	6 768 042
Depreciation	-	-	-	26 415	-	26 415
Carrying value of disposals	-	-	-	1 952	-	1 952
Cost/Revaluation	-	-	-	2 300	-	2 300
Accumulated depreciation and impairment losses	-	-	-	348	-	348
Carrying values at 30 June 2010	-	-	-	414 080	6 768 042	7 182 122
Cost/Revaluation	-	-	-	440 147	6 768 042	7 208 189
Accumulated depreciation and impairment losses	-	-	-	26 067	-	26 067

Refer to Appendix A and B for more detail on property, plant and equipment
Projects under Construction refer to community projects which will eventually be transferred to a special purpose vehicle once established.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

6 PROPERTY, PLANT AND EQUIPMENT Contd.

Reconciliation of Carrying Value	Land R	Buildings R	Infrastr ucture R	Other Assets R	Projects Under Construction R	Total R
Carrying values at 1 July 2010	-	-	-	414 080	6 768 042	7 182 122
Cost/Revaluation	-	-	-	440 147	6 768 042	7 208 189
Accumulated depreciation and impairment losses	-	-	-	26 067	-	26 067
	<u>27 159</u>	-	-	137 015	18 595 742	18 759 916
Acquisitions	27 159	-	-	219 776	-	246 935
Projects under Construction	-	-	-	-	18 595 742	18 595 742
Depreciation	-	-	-	82 761	-	82 761
Carrying value of disposals	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-
Carrying values at 30 June 2011	27 159	-	-	551 095	25 363 784	25 942 038
Cost/Revaluation	27 159	-	-	659 923	25 363 784	26 050 866
Accumulated depreciation and impairment losses	-	-	-	108 828	-	108 828

Refer to Appendix A and B for more detail on property, plant and equipment
Projects under Construction refer to community projects which will eventually be transferred to a special purpose vehicle once established.

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011	2010
	R	R
7 TRADE AND OTHER PAYABLES		
Ilembe District Municipality	1 050 034	198 863
Umgeni Water	-	-
Auditing Fees	-	-
Trade Creditors	764 610	4 708 731
Accruals Lease Expenses	30 353	30 354
Total creditors	<u>1 844 997</u>	<u>4 937 948</u>

The fair value of trade and other payables approximates their carrying amounts.

8 VAT PAYABLE

VAT payable	<u>(25 200)</u>	-
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VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

9 VAT RECEIVABLE

VAT receivable	<u>1 243 191</u>	<u>597 840</u>
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VAT is receivable on the payments basis. VAT is receivable from SARS only once payment is made to the creditor.

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
10 UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
Unspent Grant Salaries Ex IDC	-	809 746
Unspent Grant Ilembe District Municipality - LED	-	117 317
Unspent Grant Ilembe District Municipality - Tourism	-	163 018
Unspent Grant Agri Processing Ex DCGTA	6 535 245	4 018 213
Unspent Grant Disaster Management	55 318	292 932
Unspent Grant Broadband Project Ex DCGTA	2 369 200	2 961 896
Unspent Grant Biodiesel Production Facility Ex DCGTA	2 184 800	1 568 780
Unspent Grant North Coast Wine Project Ex DCGTA	8 615 770	2 671 449
Unspent Grant Amacambini Dev Project Ex DCGTA	757 666	955 921
Unspent Grant Integrated Craft Hub	321 664	327 148
Unspent Grant Siza Water Concession	989 474	-
Unspent Grant Maphumulo Small Town Rehabilitation	282 305	-
Unspent Grant Nonoti Beach Resort Businessplan	49 123	-
Unspent Grant Moringa Tree Plantation	3 461 947	-
	25 622 510	13 886 420

See Note 14 for reconciliation of grants and receipts.
These amounts are invested in ring-fenced investment until utilised.

11 PROVISIONS

Provision for leave pay	155 460	43 224
<u>Reconciliation of leave pay provision</u>		
Balance at beginning of the year	43 224	-
Contribution to provision	112 236	43 224
Expenditure against the provision	-	-
Balance at year end	155 460	43 224

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
12 RENTAL INCOME OF FACILITIES		
Rental of buildings	180 000	180 000
Total rentals	180 000	180 000
13 INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	78 038	81 119
Call investment	1 199 697	282 644
Total interest	1 277 735	363 763
14 GOVERNMENT GRANTS AND SUBSIDIES		
Grant Operational ex IDM	2 163 171	
Grant Other Ex IDM	198 263	
Grant Salaries Ex IDC	2 120 259	1 310 513
Grant Agricultural Hub Ex IDC	622 079	622 079
Grant Industrial Development Strategy Ex IDC	186 624	186 624
Grant Broadband Project Ex IDC	186 623	186 623
Grant North Coast Wine Project Ex IDC	182 477	182 477
Grant Ilembe District Municipality - LED	1 617 317	1 300 000
Grant Ilembe District Municipality - Tourism	963 018	700 000
Grant Agri Processing Ex DCGTA	8 482 968	8 000 000
Grant Industrial Development Strategy Ex DCGTA	-	1 300 000
Grant Disaster Management	237 614	500 000
Grant Broadband Project Ex DCGTA	3 092 696	3 000 000
Grant Biodiesel Production Facility Ex DCGTA	3 299 980	2 000 000
Grant North Coast Wine Project Ex DCGTA	3 055 679	4 000 000
Grant Amacambini Dev Project Ex DCGTA	198 255	1 000 000
Grant Integrated Craft Hub	5 484	500 000
Grant Nonoti Beach Resort Business plan	350 877	-
Grant Maphumulo Small Town Regeneration	417 695	-
Grant Moringa Tree Plantation	38 053	-
Grant Siza Water Concession	210 526	-
	27 629 659	24 788 316

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
14.1 Grant Salaries Ex IDC		
Balance unspent at beginning of year	809 746	-
Current year receipts	1 310 513	1 310 513
Conditions met - transferred to revenue	2 120 259	500 767
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>809 746</u>
14.2 Grant Agricultural Hub Ex IDC		
Balance unspent at beginning of year	-	-
Current year receipts	622 079	622 079
Conditions met - transferred to revenue	622 079	622 079
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
14.3 Grant Industrial Development Strategy Ex IDC		
Balance unspent at beginning of year	-	-
Current year receipts	186 624	186 624
Conditions met - transferred to revenue	186 624	186 624
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
14.4 Grant Broadband Project Ex IDC		
Balance unspent at beginning of year	-	-
Current year receipts	186 623	186 623
Conditions met - transferred to revenue	186 623	186 623
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>
14.5 Grant North Coast Wine Project Ex IDC		
Balance unspent at beginning of year	-	-
Current year receipts	182 477	182 477
Conditions met - transferred to revenue	182 477	182 477
Conditions still to be met - remain liabilities (see note 10)	<u>-</u>	<u>-</u>

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
14.6 Grant Ilembe District Municipality - LED		
Balance unspent at beginning of year	117 317	-
Current year receipts	1 500 000	1 300 000
Conditions met - transferred to revenue	1 617 317	1 182 683
Conditions still to be met - remain liabilities (see note 10)	-	117 317
14.7 Grant Ilembe District Municipality - Tourism		
Balance unspent at beginning of year	163 018	-
Current year receipts	800 000	700 000
Conditions met - transferred to revenue	963 018	536 982
Conditions still to be met - remain liabilities (see note 10)	-	163 018
14.8 Grant Agri Processing Ex DCGTA		
Balance unspent at beginning of year	4 018 213	-
Current year receipts	11 000 000	8 000 000
Conditions met - transferred to revenue	8 482 968	3 981 787
Conditions still to be met - remain liabilities (see note 10)	6 535 245	4 018 213
14.9 Grant Industrial Development Strategy Ex DCGTA		
Balance unspent at beginning of year	-	-
Current year receipts	-	1 300 000
Conditions met - transferred to revenue	-	1 300 000
Conditions still to be met - remain liabilities (see note 10)	-	-
14.10 Grant Disaster Management		
Balance unspent at beginning of year	292 932	-
Current year receipts	-	500 000
Conditions met - transferred to revenue	237 614	207 068
Conditions still to be met - remain liabilities (see note 10)	55 318	292 932
14.11 Grant Broadband Project Ex DCGTA		
Balance unspent at beginning of year	2 961 896	-
Current year receipts	2 500 000	3 000 000
Conditions met - transferred to revenue	3 092 696	38 104
Conditions still to be met - remain liabilities (see note 10)	2 369 200	2 961 896

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
14.12 Grant Biodiesel Production Facility Ex DCGTA		
Balance unspent at beginning of year	1 568 780	-
Current year receipts	3 916 000	2 000 000
Conditions met - transferred to revenue	3 299 980	431 220
Conditions still to be met - remain liabilities (see note 10)	2 184 800	1 568 780
14.13 Grant North Coast Wine Project Ex DCGTA		
Balance unspent at beginning of year	2 671 449	-
Current year receipts	9 000 000	4 000 000
Conditions met - transferred to revenue	3 055 679	1 328 551
Conditions still to be met - remain liabilities (see note 10)	8 615 770	2 671 449
14.14 Grant Amacambini Dev Project Ex DCGTA		
Balance unspent at beginning of year	955 921	-
Current year receipts	-	1 000 000
Conditions met - transferred to revenue	198 255	44 079
Conditions still to be met - remain liabilities (see note 10)	757 666	955 921
14.15 Grant Integrated Craft Hub		
Balance unspent at beginning of year	327 148	-
Current year receipts	-	500 000
Conditions met - transferred to revenue	5 484	172 852
Conditions still to be met - remain liabilities (see note 10)	321 664	327 148
14.16 Grant Nonoti Beach Resort Business plan		
Balance unspent at beginning of year	-	-
Current year receipts	400 000	-
Conditions met - transferred to revenue	350 877	-
Conditions still to be met - remain liabilities (see note 10)	49 123	-
14.17 Grant Maphumulo Small Town Regeneration		
Balance unspent at beginning of year	-	-
Current year receipts	700 000	-
Conditions met - transferred to revenue	417 695	-
Conditions still to be met - remain liabilities (see note 10)	282 305	-

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
14.18 Grant Moringa Tree Plantation		
Balance unspent at beginning of year	-	-
Current year receipts	3 500 000	-
Conditions met - transferred to revenue	38 053	-
Conditions still to be met - remain liabilities (see note 10)	3 461 947	-

14.19 Grant Siza Water Concession		
Balance unspent at beginning of year	-	-
Current year receipts	1 200 000	-
Conditions met - transferred to revenue	210 526	-
Conditions still to be met - remain liabilities (see note 10)	989 474	-

15 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	2 441 458	477 610
Employee related costs - Contributions for UIF, pensions and medical aids	20 702	6 260
Travel, motor car, accommodation, subsistence and other allowances	-	8 160
Other employee related costs	-	8 737
Total Employee Related Costs	2 462 160	500 767

Remuneration of the Chief Executive Officer

Annual Remuneration	379 500	412 919
Travel, motor car, accommodation, subsistence and other allowances	142 784	8 160
Contributions to UIF, Medical and Pension Funds	-	5 029
Total	522 284	426 108

The Chief Executive Officer was employed for the full duration of the financial year

Remuneration of the Chief Financial Officer

Annual Remuneration	67 083	100 195
Travel, motor car, accommodation, subsistence and other allowances	-	-
Contributions to UIF, Medical and Pension Funds	-	-
Total	67 083	100 195

The Chief Financial Officer was engaged on the 01st June 2011

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011	2010
	R	R
16 REMUNERATION OF BOARD MEMBERS		
Attendance Fees at Meetings		
M C Mancini	91 998	21 000
T C Chetty	32 250	25 000
B N Linda	82 248	25 000
M H Gumede	15 000	12 500
D Naidoo	17 500	22 500
Ian Deetlefs	60 748	
PM Mabaso	60 748	
Riaz Meer	57 748	
Total Board Members' Remuneration	418 240	106 000
17 DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	82 762	26 415
Total Depreciation and Amortisation	82 762	26 415
18 CONTRACTED SERVICES		
Project Management Unit	-	1 971 883
Accounting Services	77 631	-
Internal Audit Services	222 723	
ICT Services	149 525	
Office Rental	180 000	
Building Maintenance	62 847	
Total Contracted Services	692 725	1 971 883

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
19 GENERAL EXPENSES		
Included in general expenses are the following:-		
Advertising	450 759	243 863
Audit fees	213 840	-
Bank charges	8 810	3 991
Consumables	-	11 114
Entertainment	24 154	88 242
Legal expenses	-	20 055
Marketing and Communication	872 299	367 753
Professional fees	124 961	1 051 715
Rental of buildings	-	250 553
Office Expenses	326 821	168 762
Subscriptions & publications	32 262	905
Telephone cost	163 904	5 436
Training	116 521	18 584
Travel and subsistence	385 881	123 430
Board Expenses - Other	75 185	
Other	371 468	165 290
Total General Expenses	3 166 865	2 519 693

19 GENERAL EXPENSES Contd.

Included in grant expenditure is the following:-

LED Projects	1 715 765	1 080 422
Industrial Development Strategy	3 000	1 551 610
Amacambini Development	198 255	44 079
Maphumulo Small Town Regeneration	417 695	
Nonoti Beach Resort Business Plan	350 877	
Siza Water Concession Monitoring	210 526	
New Projects	51 350	
Disaster Management	237 614	207 069
Integrated Craft Hub	5 484	172 852
Tourism	747 667	392 669
Total Grant Expenditure	3 938 234	3 448 701

20 (LOSS) ON SALE OF ASSETS

Property, plant and equipment	-	(1 952)
Total (Loss) on Sale of Assets	-	(1 952)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
21 GAIN ON FAIR VALUE ADJUSTMENT		
Property, plant and equipment	-	36 924
Total Gain on Fair Value Adjustment	-	36 924
22 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	18 187 060	6 351 015
Adjustment for:-		
Depreciation and amortisation	82 761	26 415
Contribution to leave provision	112 236	43 224
Loss on sale of assets	-	1 952
Gain on fair valuing assets	-	36 924
Operating surplus before working capital changes:	18 382 056	6 459 530
Decrease /(Increase) in trade receivables	1 125 099	(1 349 242)
(Increase) in VAT receivable	(620 151)	(597 840)
Increase / (Decrease) in trade payables	(3 092 951)	4 508 749
(Increase) in deposits	-	(26 350)
Increase in unspent conditional grants	11 736 090	13 886 420
Cash generated by operations	27 530 144	22 881 267
23 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	3 517 196	2 201 284
Call Deposits	22 167 237	14 772 244
Net cash and cash equivalents	25 684 433	16 973 528

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL		
24 FINANCE MANAGEMENT ACT		
24.1 Audit fees		
Opening balance	-	9 120
Current year audit fee	213 840	-
Amount paid - current year	(213 840)	-
Amount paid - previous years	-	9 120
Balance unpaid (included in payables)	-	-

24.2 VAT

VAT input receivables and VAT output payables are shown in notes 8 and 9. All VAT returns have been submitted by the due date throughout the year.

24.3 PAYE and UIF

Opening balance	-	-
Current year payroll deductions	232 211	132 706
Amount paid - current year	(232 211)	132 706
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

24.4 Risk Management

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 on-going review of future commitments and credit facilities, where these exist.

Cash flow forecasts are prepared and adequate utilized borrowing facilities are monitored.

Interest rate risk

Deposits attract interest rates that vary with prime, the entity's policy is to manage interest rate risk so that fluctuations in variable rates do not have material impact on profit or loss

Credit risk

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

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

2011
R **2010**
R

24.5 Going Concern

At 30 June 2011, the entity had accumulated surpluses up to R25 471 887 and the municipality's total assets exceeded its liabilities by R25 471 887. The accumulated surpluses were however only partially cash-backed.

24.6 Financial Assets By Category

The accounting policies for financial instruments have been applied to the line items below:

2011

	Loans and receivables	Available- for-sale	Total
Loans and receivables	26 350	-	26 350
Receivables from exchange transactions	102 600	-	102 600
Call investment deposits	22 167 237	-	22 167 237
	22 296 187	-	27 055 493

2010

	Loans and receivables	Available- for-sale	Total
Loans and receivables	26 350	-	26 350
Receivables from exchange transactions	-	-	-
Call investment deposits	14 772 244	-	14 772 244
	14 798 594	-	14 798 594

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
24.7 <u>Financial Liabilities By Category</u>		
The accounting policies for financial instruments have been applied to the line items below:		
2011		
	Financial liabilities at amortised cost	Total
Trade and other payables	1 844 997	1 844 997
Unspent conditional grants and receipts	25 622 510	25 622 510
	83 506 756	83 506 756
2010		
	Financial liabilities at amortised cost	Total
Trade and other payables	4 937 948	27 070 057
Unspent conditional grants and receipts	13 886 420	17 953 617
	65 351 221	65 351 221
25 CONTINGENT LIABILITIES		
There were no contingent liabilities at the reporting date.		
26 COMMITMENTS		
Commitments in respect of expenditure:		
Approved and contracted for:		
Community Projects	14 705 015	9 763 882
Approved and not contracted for:		
Community Projects	8 416 947	-
Total	23 121 962	9 763 882
Committed expenditure will be financed as follows:		
Grant funded	14 705 015	9 763 882
Total	14 705 015	9 763 882

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011	2010
	R	R
27 SUBSEQUENT EVENTS		
There were no reportable matters subsequent to the reporting date.		
28 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE		
28.1 Unauthorised expenditure		
No unauthorised expenditure was incurred for the year ended 30 June 2010 or for the year ended 30 June 2011.		
28.2 Fruitless and wasteful expenditure		
No fruitless or wasteful expenditure was incurred for the year ended 30 June 2010 or for the year ended 30 June 2011.		
28.3 Irregular expenditure		
Non-compliance with one or more of the Supply Chain Management regulations or Supply Chain Management policy requirements.	10 871 064	9 363 200
Reconciliation of irregular expenditure:		
Opening balance	9 363 200	-
Irregular expenditure awaiting condonation	4 262 615	9 363 200
Irregular expenditure condoned	(2 754 751)	0
Total Irregular Expenditure	10 871 064	9 363 200
Incident: Non-compliance with Supply Chain Disciplinary steps: Nil		

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

2011 **2010**
R **R**

Supply Chain Management

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the supply chain management policy needs to be approved/condoned by the Chief Executive Officer and ratified by the Board of Directors.

Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette no.27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the municipal council and includes a note to the annual financial statements.

The expenditure incurred as listed hereunder has been condoned:

Incident

Supply of air conditioners - current service provider (maintenance contract)	44 451
Upgrade of security cameras - current service provider	25 189
Plant hire for project sites - single provider	85 044
Transport hire for vineyards project - single provider	13 437
Venue hire for Annual investor summit - only venue available at short notice	72 810
Equipment hire for Annual investor summit - only service provider available at short notice	9 975
Event co-ordination Annual investor summit - only service provider available at short notice	14 022
Hydroponic tunnels electrical installation - technical appointment	88 584
Hydroponic tunnels plastic flooring - technical appointment	91 200
Hydroponic tunnels plumbing - technical appointment	21 785
Hydroponic tunnels soil sample testing - technical appointment	65 106
Design of stands for Tourism Indaba - only service provider available at short notice	60 339
Décor for Tourism Indaba - only service provider available at short notice	52 013
Gifts for Tourism Indaba - only service provider available at short notice	14 022
Venue hire for Annual investor summit - only venue available at short notice	72 810

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011	2010
	R	R
Venue hire for African Hebrew Israel Community - only venue available at short notice	9 472	
Development of Quarterly Economic Indicators - only proposal received	98 761	
Editing of annual investor summit DVD - originally compiled by service provider	16 758	
Launch of Blaque Vine Media - only service provider available at short notice	7 900	
Professional services for ownership model - urgent requirement	60 000	
Purchase of equipment for biodiesel plant - specialised equipment available from sole provider	1 633 879	
Beading craftwork for wine festival - scope of appointment limited to district	5 250	
Printing of pamphlets - only venue available at short notice	3 800	
Mannequins for craft hub - sole provider	3 445	
Accounting system and reporting software - only two proposals received	184 698	
	2 754 751	0

29 UNCONDITIONAL GRANTS

The Entity received the following unconditional grant from the Ilembe District Municipality

Description

Administration Grant	2 163 171	1 620 000
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ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.

	2011 R	2010 R
30 RELATED PARTIES		
Parent Municipality: Ilembe District Municipality		
Related party balances		
Accounts owing to related party:		
Ilembe District Municipality	<u>1 050 034</u>	<u>198 863</u>
Accounts owing by related party:		
Ilembe District Municipality	<u>224 143</u>	<u>1 150 379</u>
Net amount included in Trade receivables and Trade payables regarding the related party		
Ilembe District Municipality	<u>(825 891)</u>	<u>951 516</u>
Rental income received from Ilembe District Municipality	<u>180 000</u>	<u>180 000</u>
Grant income received from Ilembe District Municipality:		
Administration Grant	2 163 171	1 620 000
LED Grant	1 500 000	1 300 000
Tourism Grant	800 000	700 000
	<u>4 463 171</u>	<u>3 620 000</u>
Grant income received via Ilembe District Municipality:		
Grant Agri Processing Ex DCGTA	11 000 000	8 000 000
Grant Industrial Development Strategy Ex DCGTA	0	1 300 000
Grant Disaster Management	0	500 000
Grant Broadband Project Ex DCGTA	2 500 000	3 000 000
Grant Biodiesel Production Facility Ex DCGTA	3 916 000	2 000 000
Grant North Coast Wine Project Ex DCGTA	9 000 000	4 000 000
Grant Amacambini Dev Project Ex DCGTA	0	1 000 000
Grant Integrated Craft Hub	0	500 000
Moringa Tree Plantation	3 500 000	
	<u>29 916 000</u>	<u>20 300 000</u>

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2011 CONTD.**

	2011 R	2010 R
31 OPERATING LEASES		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
Operating lease - lessee		
Within one year	205 200	201 300
In the second to fifth year inclusive	615 600	706 584
After five years	-	-
Total	820 800	907 884

Operating leases consist of the following:
Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and are escalated annually. No contingent rent is payable.

Operating lease - lessor		
Within one year	205 200	201 300
In the second to fifth year inclusive	615 600	706 584
After five years	-	-
Total	820 800	907 884

Operating leases consist of the following:
Certain of the entity's office properties are utilised to generate rental income. Leases are negotiated for an average term of five years and are escalated annually. No contingent rent is receivable.

32 COMPARISON WITH THE BUDGET

The comparison of the Entity's actual financial performance with that budgeted is set out in Appendices A(1), A(2), E(1) and E(2)

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

APPENDIX A(1):

RECONCILIATION OF BUDGET SUMMARY FOR THE YEAR ENDED 30 JUNE 2011

Reconciliation of Budget Summary

Description R thousands	2009/11								
	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
Financial Performance									
Transfers recognised - operational	11 470	9 526	–	9 526	9 224		(301)	96.84	80.42
Interest Revenue	50	1 500	–	1 500	1 278		(222)	85.18	2555.47
Rental Revenue	200	200	–	200	180		(20)	90.00	90.00
Other own revenue	–	–	–	–	1		1		
Total Revenue (excluding capital transfers and contributions)	11 720	11 226	–	11 226	10 683		(543)		
Employee costs	1 911	1 911	–	1 911	2 574		664	134.73	134.73
Directors Remuneration	580	580	–	580	493		(87)	85.07	85.07
Depreciation & asset impairment	–	–	–	–	83		83		
Grant Expenditure	6 510	2 800	–	2 800	3 848		1 048	137.44	59.11
Other expenditure	4 129	5 257	–	5 257	3 985		(1 272)	75.80	96.51
Total Expenditure	13 130	10 548	–	10 548	10 984		436		
Surplus/(Deficit)	(1 410)	678		678	(301)		(979)		
Transfers recognised - capital	11 096	41 527		41 527	18 405		(23 122)		
Contributions recognised - capital & contributed assets	(9 686)	(42 205)		(42 205)	(18 728)		23 477		
Surplus/(Deficit) after capital transfers & contributions	–	–		–	(624)		(624)		
Share of surplus/ (deficit) of associate									
Surplus/(Deficit) for the year	–	–		–	(624)		(624)		
Capital expenditure & funds sources									
Capital expenditure									
Transfers recognised - capital	11 096	41 527		41 527	18 405		(23 122)	44.32	165.88
Internally generated funds		950		950	122		(828)		
Total sources of capital funds	11 096	42 477		42 477	18 527		(23 950)	43.62	166.98
Cash flows									
Net cash from (used) operating				–	27 530		27 530		
Net cash from (used) investing				–	(18 819)		(18 819)		
Cash/cash equivalents at the year end	–	–		–	8 711		8 711		

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**APPENDIX A(2)
RECONCILIATION OF BUDGET SURPLUS/DEFICIT WITH THE
SURPLUS/DEFICIT IN THE STATEMENT OF FINANCIAL PERFORMANCE**

Details	R.
Surplus / (Deficit) per statement of financial performance	18 187 060
Adjusted for:	
Loss on sale of assets	0
Contribution towards Capital Outlay	(18 728 471)
Net Surplus / (Deficit) for the year	(541 412)
Net surplus per approved budget	0

ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

**APPENDIX B
ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value	Budget Additions
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Disposals	Impairment losses	Closing Balance		
	R	R	R	R	R	R	R	R	R	R	R	R
LAND & BUILDINGS	0	27 159	0	0	27 159	0	0	0	0	0	27 159	500 000
INFRASTRUCTURE ASSETS	6 768 042	0	18 595 742	0	25 363 784	0	0	0	0	0	25 363 784	37 557 198
Projects Under Construction	6 768 042	0	18 595 742	0	25 363 784	0	0	0	0	0	25 363 784	37 557 198
OTHER ASSETS	440 147	219 776	0	0	659 923	26 067	82 761	0	0	108 828	551 096	450 000
Furniture and Equipment	345 433	176 529	0	0	521 962	19 630	58 663	0	0	78 293	443 669	450 000
Computer Equipment	94 714	43 247	0	0	137 961	6 437	24 097	0	0	30 534	107 427	
TOTAL	7 208 189	246 935	18 595 742	0	26 050 866	26 067	82 76	0	0	108 828	25 942 039	38 507 198

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT**

	HISTORICAL COST					ACCUMULATED DEPRECIATION					Carrying Value
	Opening Balance	Additions/Transfers	Under Construction	Disposals	Closing Balance	Opening Balance	Additions/Transfers	Impairment losses	Disposals	Closing Balance	
	R	R		R	R	R	R		R	R	R
ENTERPRISE	440 147	246 935	0	0	687 082	26 067	82 761	0	0	108 828	578 255
Enterprise	440 147	246 935	0	0	687 082	26 067	82 761	0	0	108 828	578 255
PROJECTS UNDER CONSTRUCTION	6 768 042	0	18 595 742	0	25 363 784	0	0	0	0	0	25 363 784
Projects Under Construction	6 768 042	0	18 595 742	0	25 363 784	0	0	0	0	0	25 363 784
TOTAL	7 208 189	246 935	18 595 742	0	26 050 866	26 067	82 761	0	0	108 828	25 942 039

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**APPENDIX D
DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

2010 Actual Income	2010 Actual Expenditure	2010 Actual Surplus/ (Deficit)		2011 Actual Income	2011 Actual Expenditure	2011 Actual Surplus/ (Deficit)
R	R	R		R	R	R
13 081 258	6 728 291	6 352 967	Enterprise	29 087 944	10 900 884	18 187 060
13 081 258	6 728 291	6 352 967	Entity general expenses	29 087 944	10 900 884	18 187 060
13 081 258	6 728 291	6 352 967	Total	29 087 944	10 900 884	18 187 060

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**APPENDIX E (1)
ACTUAL OPERATING VERSUS BUDGET**

	2011 Actual	2011 Budget	2011 Variance	2011 Variance	Explanations of significant variances greater than 10% versus budget
	R	R	R	%	
REVENUE					
Rental of facilities	180 000	200 000	(20 000)	-10%	Rental escalation was not effected
Interest earned – external investments	1 277 735	1 500 000	(222 265)	-15%	Investment levels less than anticipated
Grants & subsidies – Operating	9 224 412	9 525 717	(301 305)	-3%	
Grants & subsidies – Capital	18 405 246	41 527 198	(23 121 952)	-56%	Expenditure on projects less than anticipated
Other revenue	550	0	550		
Total Revenue	29 087 944	52 752 915	(23 664 971)	-45%	
EXPENDITURE					
Employee related costs	2 462 160	1 910 840	551 320	29%	
Directors Attendance Fees	418 240	580 000	(161 760)	-28%	
Depreciation	82 762	0	82 762		No budgetary provision made for this item
Repairs & maintenance	27 663	175 000	(147 337)	-84%	Reduced spending levels on operational expenditure
Contracted Services	692 725	0	692 725		Budget included under general expenses
Provisions	112 236	0	112 236		No budgetary provision made for this item
Grant expenditure	3 938 234	42 205 000	(38 266 766)	-91%	Actual excludes capital expenditure on projects
General expenses	3 166 865	7 882 075	(4 715 210)	-60%	Reduced spending levels on operational expenditure
Total Expenditure	10 900 884	52 752 915	(41 852 031)	-79%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	18 187 059	0	18 187 059	-	

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

**APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**

	2011 Actual R.	2011 Under Construction R.	2011 Total Additions R.	2011 Budget R.	2011 Variance R.	2011 Variance %	Explanation of significant variances greater than 5% versus budget
Enterprise							
Enterprise	246 935	-	246 935	950 000	(703 065)	-74%	Reduced spending levels on operational expenditure
Projects Under Construction							
Projects Under Construction	-	18 595 742	18 595 742	37 557 198	(18 961 456)	-50%	Expenditure on projects less than anticipated
TOTAL	246 935	18 595 742	18 842 677	38 507 198	(19 664 521)	-51%	

**ILEMBE MANAGEMENT DEVELOPMENT ENTERPRISE (PTY) LTD
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011**

APPENDIX F

Grants and Subsidies Received

Name of Grant	Name of Organ of State or Municipality	Receipts	Expenditure	Grants Delayed/Withheld	Reason for Delay / Withholding of Funds	Compliance to Revenue Act (*) See below	Reason for Non-compliance
						Yes / No	
Salaries Ex IDC	IDC	1 310 513	1 310 513	Nil	-	Yes	-
Agriculture Hub Project Ex IDC	IDC	622 079	626 365	Nil	-	Yes	-
Industrial Development Strategy Project Ex IDC	IDC	186 623	3 000	Nil	-	Yes	-
Broadband Project Ex IDC	IDC	186 624	186 624	Nil	-	Yes	-
North Coast Wine Project IDC	IDC	182 476	182 476	Nil	-	Yes	-
Grant ex Ilembe District - Admin	IDM	2 163 171	2 163 171	Nil	-	Yes	-
Grant ex Ilembe District - LED	IDM	1 500 000	1 728 237	Nil	-	Yes	-
Tourism Grant ex IDM	IDM	800 000	864 188	Nil	-	Yes	-
Maphumulo Small Town Rehabilitation	IDM	700 000	417 695	Nil	-	Yes	-
Dev Business Plan Nonoti Beach Resort	IDM	400 000	350 877	Nil	-	Yes	-
Ilembe District Municipality - Siza Water Concession	IDM	1 200 000	210 526	Nil	-	Yes	-
Agri Processing Grant ex DCGTA	DCGTA	11 000 000	8 482 967	Nil	-	Yes	-
Broadband Project Ex DCGTA	DCGTA	2 500 000	3 092 696	Nil	-	Yes	-
Biodiesel Production Facility Ex DCGTA	DCGTA	3 916 000	3 299 980	Nil	-	Yes	-
North Coast Wine Project Ex DCGTA	DCGTA	4 000 000	3 094 556	Nil	-	Yes	-
North Coast Winery Project Ex DCGTA	DCGTA	5 000 000	-	Nil	-	Yes	-
Moringa Tree Plantations Project Ex DCGTA	DCGTA	3 500 000	38 053	Nil	-	Yes	-
		39 167 486	26 051 925				

