

Annual Financial Statements

for

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June: **2010**

Province:

KwaZulu Natal

Contact Information:	
Name of Municipal Manager:	J.H. DE KLERK
Name of Chief Financial Officer:	S.B. NKOSI
Contact telephone number:	035-8745500
Contact e-mail address:	mm@zululand.org.za
Name of contact at provincial treasury:	DENEO MOFOKA
Contact telephone number:	033 897 4423
Contact e-mail address:	leneo.mofoka@kzntreasury.gov.za
Name of relevant Auditor:	Auditor General
Contact telephone number:	033- 264 7400
Contact e-mail address:	PriscaM@agsa.co.za
Name of contact at National Treasury:	Unathi Ndobeni
Contact telephone number:	unathi.ndobeni@treasury.gov.za
Contact e-mail address:	012 315 5103

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2010

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

Clr MB Gwala (w.e.f 20 May 2010)	Mayor
Clr N J Mjaja	Speaker
Clr V O Mbuyisa	Member of the Executive Committee
Clr B B Zwane	Member of the Executive Committee
Clr N P Ndlela	Member of the Executive Committee
Clr S E Nkwanyana	Member of the Executive Committee
Clr J B Mavundla	Member of the Executive Committee
Clr T R Bunge	Member
Clr A B Lesala	Member
Clr MM Kunene	Member resigned during the year
Clr J B Ngema	Member
Clr M M Mntungwa	Member
Clr M A Shabangu	Member
Clr SZ Buthelezi	Member resigned during the year
Clr P M Mtshali	Member
Clr N V Mbatha	Member
Clr HS Ngwenya	Member withdrawn during the year
Clr F L Buthelezi	Member
Clr B S Khanyile	Member
Clr M Z Mafambani	Member
Clr M B Mabaso	Member
Clr N E Zungu	Member
Clr T B Lukhele	Member
Clr S P S Mwelase	Member
Clr SV Nkosi	Member
Clr J P Ngwenya	Member
Clr J A Scheepers	Member
Clr R B Mhlungu	Member
Clr B A Mtshali	Member
Clr M E Sishwili	Member withdrawn during the year
Clr ME Ndwandwe	Member withdrawn during the year
Clr N S Qwabe	Member withdrawn during the year
Clr T M Zungu	Member
Clr S Mlambo	Member
Clr VZ kaMagwaza Msibi	Mayor resigned during the year

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

ZULULAND DISTRICT MUNICIPALITY
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General information (continued)

Registered Office: ZULULAND DISTRICT MUNICIPALITY

Physical address:
B-400 GAGANE STREET
ULUNDI
3838

Postal address:
PRIVATE BAG X76
ULUNDI
3838

Telephone number: 035 874 5500

Fax number: 035 874 5589/91

E-mail address: mm@zululand.org.za

ZULULAND DISTRICT MUNICIPALITY
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager:

DATE

ZULULAND DISTRICT MUNICIPALITY
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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2010

	Note	2010 R	2009 R <u>Restated</u>
ASSETS			
Current assets		168 290 412	128 671 879
Cash and cash equivalents	1	148 170 288	77 624 158
Trade and other receivables from exchange transactions	2	6 597 267	3 632 779
Other receivables from non-exchange transactions	3	3 976 013	4 632 121
Inventories	4	3 993 118	904 467
Prepayments	5	1 190 475	1 630 454
Current portion of receivables	6	40 553	73 144
VAT receivable	11	4 322 696	40 174 755
Non-current assets		1 168 925 283	1 073 961 513
Non-current receivables	6	830 509	859 404
Property, plant and equipment	7	1 167 824 245	1 072 722 663
Intangible assets	8	270 528	379 446
Total assets		1 337 215 694	1 202 633 392
LIABILITIES			
Current liabilities		85 226 518	82 643 316
Trade and other payables from exchange transactions	9	55 251 117	40 691 945
Consumer deposits	10	3 263 089	3 264 522
Current portion of unspent conditional grants and receipts	12	6 296 785	33 597 830
Current portion of borrowings	13	1 324 074	1 168 370
Current portion of finance lease liability	14	220 425	96 225
Other current liabilities	15	18 871 028	3 824 424
Non-current liabilities		3 152 795	4 363 769
Non-current borrowings	13	2 754 909	4 078 983
Non-current finance lease liability	14	397 886	284 786
Total liabilities		88 379 313	87 007 085
Net assets		1 248 836 381	1 115 626 307
NET ASSETS			
Accumulated surplus / (deficit)		1 248 836 381	1 115 626 307
Total net assets		1 248 836 381	1 115 626 307

**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2010**

	Note	2010	2009
		R	R
Revenue			
Service charges	16	17 963 203	18 321 998
Rental of facilities and equipment	17	95 002	83 345
Interest earned - external investments	18	9 351 008	21 194 644
Interest earned - outstanding receivables	19	914 455	271 592
Government grants and subsidies	20	410 005 329	350 874 413
Public contributions and donations	22	-	70 000
Other income	22	1 630 102	460 612
Total revenue		<u>439 959 099</u>	<u>391 276 604</u>
Expenses			
Employee related costs	23	74 959 976	59 638 236
Remuneration of councilors	24	5 039 368	4 934 083
Collection costs		-	297 009
Depreciation and amortisation expense	25	29 761 203	30 028 894
Repairs and maintenance		24 643 917	19 276 561
Finance costs	26	696 665	832 563
Bulk purchases	27	35 611 904	25 188 286
Contracted services	28	3 706 717	3 008 486
Grants and subsidies paid	29	844 658	813 167
General expenses	30	131 642 152	123 347 501
Total expenses		<u>306 906 560</u>	<u>267 364 786</u>
Gain / (loss) on sale of assets	30	157 534	60 897
Surplus / (deficit) for the period		<u>133 210 074</u>	<u>123 972 714</u>

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

DETAILS		Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
	Note	R	R	R	R	R
Balance at 30 June 2008		-	99 157 826	99 157 826	49 242 303	148 400 129
Changes in accounting policy			(99 157 826)	(99 157 826)	946 191 449	847 033 623
Correction of prior period error	37			-	42 642	42 642
Restated Balance at 30 June 2008		-	-	-	995 476 394	995 476 394
Correction of prior period error	37				625 398.72	625 399
Changes in accounting policy	33.0				1 339 352.24	1 339 352
Transfers to / from accumulated surplus/(deficit)	38			-	(5 787 552)	(5 787 552)
Surplus / (deficit) for the period					123 972 714	123 972 714
Restated Balance at 30 June 2009		-	-	-	1 115 626 307	1 115 626 307
Surplus / (deficit) for the period					133 210 074	133 210 074
Balance at 30 June 2010		-	-	-	1 248 836 381	1 248 836 381

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2010

	Note	2010 R	2009 R <u>Restated</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		461 124 604	338 948 331
Cash Received from consumers, government and c	31.1	461 124 604	338 948 331
Payments		(273 549 711)	(251 301 484)
Cash Paid to employee costs, supplier and other	31.2	(273 549 711)	(251 301 484)
Net cash flows from operating activities	31	187 574 894	87 675 295
Interest Received		9 351 008	21 194 640
Finance Cost		(696 665)	(832 563)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(124 596 333)	(193 658 314)
Purchase of fixed assets		(124 705 251)	(193 850 689)
Purchase of intangible assets		108 918	192 375
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1 324 074)	(1 168 369)
Proceeds from finance lease liability		124 200	9 789
Repayment of finance lease liability		113 100	(96 225)
		70 546 130	(86 875 747)
Net increase / (decrease) in net cash and cash equivalents		70 546 130	(86 875 747)
Net cash and cash equivalents at beginning of period		77 624 158	164 499 905
Net cash and cash equivalents at end of period	32	148 170 288	77 624 158

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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 Hyperinflationary Economies
- GRAP 11 : Construction Contracts
- GRAP 12 : Inventories
- GRAP 13 : Leases
- GRAP 14 : Events After the 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

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

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

1.4 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.

Prior Year Comparatives:

Due to the implementation of Grap, prior period amounts have been reclassified. The reclassification is due to the change in Accounting Policy and the reclassification is depicted in the change in Accounting policy note.

1.5 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 municipality:

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007

GRAP 103 Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure 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 or fair value less accumulated depreciation. 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 municipality. 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 municipality 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 municipality 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.

2.2 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 municipality 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.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Heritage assets

Paintings and artifacts	Indefinite
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Finance lease assets

Office equipment	5 years
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Other

Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

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

The municipality 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.

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated owing to the uncertainty regarding their estimated useful lives. Similarly, land is not depreciated as it is deemed to have an indefinite life.

2.4 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.

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.

2.5 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of property plant and equipment as set out in paragraphs 73 to 83.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

Computer software	5-7 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

3.4 DERECOGNITION

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

3.5 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of intangible asset as set out in paragraphs 110 to 118.

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, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

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.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

4.3 DIRECTIVE 4

Zululand District Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, in terms of Directive 4 issued in March 2009, with respect to the measurement of inventories as set out in paragraphs 45 to 52.

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

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 depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

5.2.1 INVESTMENTS

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

5.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 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.

5.2.3 TRADE PAYABLES AND BORROWINGS

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

5.2.4 CASH AND CASH EQUIVALENTS

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

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 Municipality'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.

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.

9 LEASES

9.1 MUNICIPALITY AS LESSEE

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

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

Operating leases are those leases that do not fall within the scope of the above definition.

9.2 MUNICIPALITY AS LESSOR

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 municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received.

Service charges relating to water is based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

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 arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

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

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

10.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality 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 municipality. Where public contributions have been received but the municipality 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 municipality.

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

10.3 GRANTS, TRANSFERS AND DONATIONS

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

11 TRANSITIONAL PROVISIONS

Zululand District Municipality has taken advantage of the transitional provision permitted by the Accounting Standards Board, as set out in Directive 4 Issued in March 2009 as follows:

- GRAP 1 Presentation of Financial Statements-paragraphs 7-8A
- GRAP 9 Revenue from Exchange Transactions-paragraphs 37-38
- GRAP 12 Inventories-paragraph 45-52
- GRAP 13 Leases-paragraph 55-60
- GRAP 17 Property, Plant and Equipment-paragraphs 73-83
- GRAP 19 Provision, Contingent Liabilities and Contingent Assets-paragraph 93-94E
- GRAP 102 Intangible Assets-paragraph 110-118

The municipality has developed a plan to implement the above transitional provisions within the window period established in Directive 4. Progress will be evaluated each reporting period.

12 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

	Note	2010 R	Restated 2009 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		5 000	4 200
Cash at bank		27 156 937	12 591 509
Call deposits		121 008 351	65 067 054.77
		148 170 288	77 662 763
Add: Correction of Prior Period Error	37		28 449
Less: Amount Reclassified to Debtors Accrued Interest	39		-67 055
Restated Balance at 30.06.2009			77 624 158

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-Newcastle Branch: 4047162045

Cash book balance at beginning of year	12 591 509	1 612 797
Cash book balance at end of year	27 156 937	12 591 509
Bank statement balance at beginning of year	29 835 617	10 696 797
Bank statement balance at end of year	51 885 662	29 835 617

<u>Cash on hand</u>	5 000	5 000
Total cash and cash equivalents	148 170 288	77 662 763
Total bank overdraft	-	-

Investments

Absa	66 008 351	40 067 055
FNB	25 000 000	25 000 000
STD	30 000 000	
Total Investments	121 008 351	65 067 055
Less Reclassified Amount	39	(67 055)
Restated Balance at 30.06.2009		65 000 000

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2010			
Service debtors			
Water	30 518 556	23 921 289	6 597 267
Other Receivables	2 929 840	2 929 840	-
Total	33 448 396	26 851 129	6 597 267
as at 30 June 2009			
Service debtors			
Water	25 153 684	21 960 263	3 193 421
Other	439 359	-	439 359
Total	25 593 043	21 960 263	3 632 779

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

	Note	2010 R	Restated 2009 R
<u>Water and Sewerage: Ageing</u>			
Current (0 – 30 days)		2 847 376	1 513 336
31 - 60 Days		888 761	1 446 822
61 - 90 Days		1 538 826	981 561
91 - 120 Days		797 705	1 745 274
121 - 365 Days		24 445 888	19 154 251
+ 365 Days			
Total		30 518 556	24 841 244

Summary of Debtors by Customer Classification

	Consumers R	Industrial / Commercial/ National & Provincial Government R	
as at 30 June 2010			
Current (0 – 30 days)	1 448 171	1 399 205	
31 - 60 Days	606 770	281 991	
61 - 90 Days	1 229 403	309 423	
91 - 120 Days	607 766	189 940	
121 - 365 Days	22 488 006	1 957 883	
+ 365 Days			
Sub-total	26 380 116	4 138 441	-
Less: Provision for doubtful debts			
Total debtors by customer classification	26 380 116	4 138 441	-
as at 30 June 2009			
Current (0 – 30 days)	995 805	517 531	
31 - 60 Days	844 005	602 817	
61 - 90 Days	645 846	335 715	
91 - 120 Days	1 319 457	425 817	
121 - 365 Days	17 028 410	2 125 841	
+ 365 Days			
Sub-total	20 833 524	4 007 721	-
Less: Provision for doubtful debts			
Total debtors by customer classification	20 833 524	4 007 721	-

2 Reconciliation of the doubtful debt provision

Balance at beginning of the year	24 618 408	9 468 567
Contributions to provision	-	15 149 841
Doubtful debts written off against provision	-	-
Reversal of provision	2 232 721	-
Balance at end of year	26 851 129	24 618 408

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

	Note	2010 R	Restated 2009 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Other debtors		3 976 013	4 565 066
Total Other Debtors		3 976 013	4 565 066
Add: Reclassified Amount Accrued Interest			67 055
Restated Balance at 30.06.2009			4 632 121
4 INVENTORIES			
Closing balance of inventories:		3 993 118	904 467
Consumable stores		2 807 206	292 033
Water meters		190 800	525 600
Water		995 113	86 834
5 PREPAYMENTS			
Prepaid expenses		1 190 475	1 630 454
Includes payments for annual membership fees for 2010/2011- Kwanaloga and accomodation for Kwanaloga games 2010			
6 NON-CURRENT RECEIVABLES			
Car loans		24 389	31 268
Bursary Debtors		32 430	62 881
Other non-current receivables		814 244	838 399
		871 062	932 548
Less : Current portion transferred to current receivables		(40 553)	(73 144)
Car loans		(8 123)	(10 263)
Bursary Debtors		(32 430)	(62 881)
Total		830 509	859 404

Car Loans: With effect from 1 July 2004 the Municipal Finance Management Act prohibited the granting of loans to staff members. Existing loans at the time of discontinuance are payable over the remaining contract period. The employees who have the outstanding balances on the car loans, failed to settle the amount on termination of their services.

Bursary Debtors: Comprises staff members who have not met the conditions of the bursary and are obliged to repay the amount.

Other non-current receivables: Comprises of Eskom Deposit- which is payable when an application is made to connect a new water scheme to the Eskom supply line. The deposit can either be a bank guarantee or a cheque payment. Fuel Deposit, Rent Deposit & Ondini Motors.

Fuel Deposit- Comprises a deposit payable in advance to a service station due to the fact that fuel is not sold on credit.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

Ondini Motors- this is the debtor in respect of misused petrol cards. The arrangements were made with the owner.

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010**

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	470 000	25 932 649	1 031 782 798	-	-	14 207 216	330 000	1 072 722 663
Cost/Revaluation	470 000	30 592 666	1 125 688 699	-	-	23 152 030	550 000	1 180 453 395
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(4 660 017)	(93 905 901)	-	-	(8 944 814)	(220 000)	(107 730 731)
Acquisitions	-	-	-	-	787 596	7 379 424	357 253	8 524 273
Capital under Construction	-	-	117 503 697	-	-	-	-	117 503 697
Depreciation	-	(992 381)	(26 734 910)	-	-	(1 708 571)	(124 865)	(29 560 726)
Carrying value of disposals	-	-	-	-	(787 596)	(373 053)	-	(1 160 649)
Cost/Revaluation	-	-	-	-	(787 596)	(1 656 854)	-	(2 444 450)
Accumulated depreciation and impairment losses	-	-	-	-	-	1 283 801	-	1 283 801
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	(205 015)	-	(205 015)
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2010	470 000	24 940 269	1 122 551 585	-	1	19 300 001	562 388	1 167 824 244
Cost/Revaluation	470 000	30 592 666	1 243 192 396	-	1	28 874 600	907 253	1 304 036 915
Transfers						(205 015)		(205 015)
Accumulated depreciation and impairment losses	-	(5 652 397)	(120 640 811)	-	-	(9 369 583)	(344 865)	(136 007 656)

*Other movements consist of
Refer to Appendix B for more detail on property, plant and equipment

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009**

7.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2008	400 000	26 925 030	873 212 330	-	-	6 523 260	550 000	907 610 620
Cost/Revaluation	400 000	30 592 666	940 383 321	-	-	13 702 133	550 000	985 628 120
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(3 667 636)	(67 170 991)	-	-	(7 178 873)	-	(78 017 500)
Acquisitions	70 000	-	64 313 884	-	-	9 911 264	-	74 295 148
Capital under Construction	-	-	120 991 494	-	-	-	-	120 991 494
Depreciation	-	(992 381)	(26 734 910)	-	-	(2 023 355)	(110 000)	(29 860 645)
Carrying value of disposals	-	-	-	-	-	(203 953)	(110 000)	(313 953)
Cost/Revaluation	-	-	-	-	-	(461 367)	-	(461 367)
Accumulated depreciation and impairment losses	-	-	-	-	-	257 414	(110 000)	147 414
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2009	470 000	25 932 649	1 031 782 798	-	-	14 207 216	330 000	1 072 722 663
Cost/Revaluation	470 000	30 592 666	1 125 688 699	-	-	23 152 030	550 000	1 180 453 395
Accumulated depreciation and impairment losses	-	(4 660 017)	(93 905 901)	-	-	(8 944 814)	(220 000)	(107 730 731)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	R
8 INTANGIBLE ASSETS		
8.1 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 1 July 2009	379 446	379 446
Cost	1 830 921	1 830 921
Accumulated amortisation and impairment losses	(1 451 475)	(1 451 475)
Acquisitions	91 558	91 558
Amortisation	(200 476)	(200 476)
	270 528	270 528
as at 30 June 2010		
Cost	1 922 479	1 922 479
Accumulated amortisation and impairment losses	(1 651 951)	(1 651 951)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Accrued Expenses			14 261 945
Trade creditors		33 546 032	6 729 149
Water Debtors with Credit Balances		602 022	480 585
Retention		18 375 547	16 399 631
Staff leave accrual		2 727 516	2 714 335
Total creditors		55 251 117	40 585 645
Correction of Prior Period Error			106 300
Restated Creditors Balance		55 251 117	40 691 945
10 CONSUMER DEPOSITS			
Water		3 263 089	3 264 522
Total consumer deposits		3 263 089	3 264 522
11 VAT RECEIVABLE			
VAT receivable		4 322 696	40 174 755
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Unspent Conditional Grants from other spheres of Government			
Municipal Infrastructure Grant		-	17 214 680
Municipal Development Info Services		-	415 971
Gumbi Land Settlement		-	226 971
GIS Shared Services		-	250 000
Spatial Development Planning		250 000	250 000
Development Admin.		225 578	250 000
LGSETA- Road Construction		-	20 000
LGSETA		-	139 363
Building for Sport & Recreation		-	454 884
Municipal Systems improvement Grant		-	360 344
Development Planning Shared Services		884 550	1 050 000
Belgrade MPCC (NATIONAL TREASURY)		-	2 791 656
Infrastructure Backlog Studies		-	455 318
Transport Plan		-	627 418
KZN Infrastructure Grant		-	450 000
Gijima KZN		-	206 753
Ulundi Airport		-	3 937 495
P700 Infrastructure		108 634	108 634
Ulundi Tourism Hub		313 285	805 467
Project Consolidate: Nongoma		-	1 464 268
Cengen Development		-	2 870 548
Indonsa		-	468 565
Mondi Ziqongwane Water Grant		300 000	
Corridor Development		4 214 738	
Total Unspent Conditional Grants and Receipts		6 296 785	34 818 336
Correction of Prior Period Error			
LG Seta Road Grant incorrectly listed as unspent at 30.06.2009			(20 000.0)
Transport Plan Grant incorrectly listed as unspent at 30.06.2009			(627 418.4)
LG Seta incorrectly listed as unspent at 30.06.2009			(139 362.6)
Gumbi land Settlement incorrectly listed as unspent at 30.06.2009			(226 970.6)
Gijima KZN incorrectly listed as unspent at 30.06.2009			(206 753.5)
Restated Current portion of unspent conditional grants and receipts		6 296 785	33 597 830

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
13 BORROWINGS			
Total borrowings: Inca Loan		4 078 983	5 247 353
Less : Current portion transferred to current liabilities		1 324 074	1 168 370
Long term portion of borrowings		2 754 909	4 078 983
Refer to Appendix A for more detail on borrowings.			
14 FINANCE LEASE LIABILITY			
2010			Present value of minimum lease payments R
Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	
Within one year	357 230	136 805	220 425
Within two to five years	493 687	95 801	397 886
	850 917	232 606	618 311
Less: Amount due for settlement within 12 months (current portion)			-220 426 397 885
The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
2009			Present value of minimum lease payments R
Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	
Within one year	183 867	87 642	96 225
Within two to five years	424 732	139 946	284 786
	608 599	227 588	381 011
Less: Amount due for settlement within 12 months (current portion)			96 225 284 786
The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
OTHER FINANCIAL LIABILITIES			
15 OTHER CURRENT LIABILITIES			
Other current financial liabilities		18 871 028	3 829 329
Correction of Prior Period Error			-4 905
Restated balance at 30.6.2009			3 824 424
16 SERVICE CHARGES			
Sale of water		12 208 638	12 708 223
Sewerage and sanitation charges		5 754 565	5 613 775
Total Service Charges		17 963 203	18 321 998
17 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		95 002	83 345
Total rentals		95 002	83 345
18 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		9 351 008	21 194 613
Other			31
Total interest		9 351 008	21 194 644
19 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Debtors		914 455	271 592
Total interest		914 455	271 592

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
20 GOVERNMENT GRANTS AND SUBSIDIES			
Airport Resurfacing			1 854 350
Belgrade MPCC		2 791 656	600 000
Cengen			5 785 952
DWAF		34 043 354	61 684 391
DWAF Accelerated Community infrastructure		3 777 045	
DWAF Operation & maintenance		1 418 000	3 250 400
DWAF Salaries		1 791 000	2 974 800
DTLGA		6 170 548	
Equitable share		159 047 468	127 541 093
Finance Management Grant		750 000	500 000
Gijima KZN			426 094
GIS Capacity Building			14 066
Growth & Development Summit			100 000
Gumbi Land Settlement			273 029
Heatonville Assessment		1 000 000	
IDP Grant			80 000
INDONSA		1 817 565	1 639 695
Infrastructure Backlog Studies		455 318	1 203 126
Infrastructure Grant		450 000	
KZNPA Salaries			3 887 974
LED Catalyst		38 872	
LG SETA			2 598
MIG Grant		182 644 680	129 313 320
Municipal Development Information System		415 971	584 029
Municipal Systems Improvement Grant		1 095 344	1 554 204
Nongoma Project Consolidate		1 464 268	282 501
Local Government Cholera Project		242 500	
P700 Infrastructure			319 022
P700 Strategic Corridor		385 262	
Development Administration		24 422	
Okhukho Rudimentary Project		1 245 045	
Shared Services Planning		1 052 450	
Shared Services Internal Audit			253 651
Sports grant		454 884	542 594
Ulundi Intermodal Transport		3 000 000	
Ulundi Airport		3 937 495	5 634 122
Ulundi Tourism Hub		492 183	573 401
Total Government Grant and Subsidies		410 005 329	350 874 413
21.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.			
21.2 MIG Grant			
Balance unspent at beginning of year		17 214 680	
Current year receipts		165 430 000	146 528 000
Conditions met - transferred to revenue		(182 644 680)	(129 313 320.0)
Conditions still to be met - remain liabilities		-	17 214 680
MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.			
Other Conditional Government Grants and Subsidies			
Balance unspent at beginning of year		17 583 651	54 431 935
Current year receipts		216 984 415	53 253 178
Conditions met - transferred to revenue		(228 571 286)	-90 081 454
Conditions still to be met - remain liabilities		5 996 780	17 603 659
21.3 Changes in levels of government grants			
Based on the allocations set out in the Division of Revenue Act 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			
22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
22.1 Other income			
Total Other Income		1 630 102	460 612
22.2 Public contributions and donations			
Donations		-	70 000
Total public contributions and donations		-	70 000

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R	
23 EMPLOYEE RELATED COSTS				
Employee related costs - Salaries and Wages		50 867 619	41 229 809	
Employee related costs - Contributions for UIF, pensions and medical aids		10 503 464	7 392 498	
Travel, motor car, accommodation, subsistence and other allowances		5 030 574	3 968 871	
Housing benefits and allowances		493 025	438 181	
Overtime payments		2 660 144	3 343 929	
Other employee related costs		5 405 151	3 264 947	
Total Employee Related Costs		<u>74 959 976</u>	<u>59 638 236</u>	
Remuneration of the Municipal Manager				
Annual Remuneration		481 500	441 776	
Performance- and other bonuses		112 796	197 125	
Travel, motor car, accommodation, subsistence and other allowances		370 804	321 698	
Contributions to UIF, Medical and Pension Funds		160 409	156 439	
Total		<u>1 125 509</u>	<u>1 117 037</u>	
Remuneration of the Chief Finance Officer				
Annual Remuneration		269 819	250 800	
Performance- and other bonuses		77 692	131 745	
Travel, motor car, accommodation, subsistence and other allowances		482 049	418 911	
Contributions to UIF, Medical and Pension Funds		112 065	102 180	
Total		<u>941 625</u>	<u>903 636</u>	
Remuneration of Individual Executive Directors				
	Planning	Technical Services	Corporate Services	Community Services
	R	R	R	R
2010				
Annual Remuneration	269 819.00	269 819	228 160	207 119
Performance- and other bonuses	77 692.07	77 692	77 692	-
Travel, motor car, accommodation, subsistence and other allowances	481 388.56	555 577	532 191	431 473
Contributions to UIF, Medical and Pension Funds	112 065.20	80 667	100 932	29 813
Total	<u>940 964.83</u>	<u>983 755</u>	<u>938 974</u>	<u>668 405</u>
		Technical Services	Corporate Services	Planning and Community Services
		R	R	R
2009				
Annual Remuneration		262 762	221 040	299 067
Performance- and other bonuses		131 745	131 745	131 745
Travel, motor car, accommodation, subsistence and other allowances		520 557	527 899	485 129
Contributions to UIF, Medical and Pension Funds		74 063	246 559	103 236
Total		<u>989 127</u>	<u>1 127 241</u>	<u>1 019 177</u>
24 REMUNERATION OF COUNCILLORS				
Councillors		3 016 207	2 878 719	
Councillors' pension and medical aid contributions		467 990	411 662	
Councillors' allowances		1 555 171	1 643 702	
Total Councillors' Remuneration		<u>5 039 368</u>	<u>4 934 083</u>	
In-kind Benefits				
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.				
25 DEPRECIATION AND AMORTISATION EXPENSE				
Property, plant and equipment		29 560 727	29 811 040	
Intangible assets		200 476	217 855	
Total Depreciation and Amortisation		<u>29 761 203</u>	<u>30 028 895</u>	

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
26 FINANCE COSTS			
Borrowings		696 665	832 563
Total Finance Costs		<u><u>696 665</u></u>	<u><u>832 563</u></u>
27 BULK PURCHASES			
Electricity		10 473 205	7 913 901
Water		25 138 699	17 274 385
Total Bulk Purchases		<u><u>35 611 904</u></u>	<u><u>25 188 286</u></u>
28 CONTRACTED SERVICES			
Contracted services for:			
Security Services		2 582 683	2 444 020
Meter reading Services		187 418	
Cleaning Service		936 616	564 466
		<u><u>3 706 717</u></u>	<u><u>3 008 486</u></u>
29 GRANTS AND SUBSIDIES PAID			
Grant/subsidy to Local Municipalities		844 658	813 167
		<u><u>844 658</u></u>	<u><u>813 167</u></u>
These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality			
30 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		303 679	367 539
Audit fees		1 141 170	1 000 073
Bank charges		151 189	120 607
Cleaning			77 105
Conferences and delegations			4 446
Connection charges			315 623
Entertainment		486 083	361 688
Fuel and oil		4 278 651	3 529 067
Insurance		3 187 758	1 616 579
Membership fees			44 414
License fees		16 877	110 766
Membership fees		298 751	298 645
Postage		197 588	78 881
Printing and stationery		569 503	406 255
Professional fees		3 846 616	2 533 127
Rental of buildings		24 667	142 417
Rental of office equipment		153 098	120 443
Other rentals		719 815	564 722
Accrued leave adjustment account			1 575 813
Skills development levies		384 667	541 298
Stocks and material		242 401	250 555
Subscription & publication			1 043 462
Telephone cost		1 827 757	2 024 928
Training		679 329	1 343 403
Community & social expenditure		34 843 060	62 490 637
Travel and subsistence		5 397 449	4 335 085
Uniforms & overalls		540 326	309 920
Grants expenditure		30 410 721.53	13 868 592
Other		41 940 998.87	23 871 411
		<u><u>131 642 153.63</u></u>	<u><u>123 347 501</u></u>
30.1 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		157 534	60 897
Total gain / (loss) on sale of assets		<u><u>157 534</u></u>	<u><u>60 897</u></u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

Note	2010 R	2009 R
31 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	133 210 074	123 972 714
Adjustment for:-		
Depreciation and amortisation	29 761 203	30 028 894
(Gain) / loss on sale of assets	(157 534)	-60 897
Contribution to provisions - non-current	-	-
Contribution to provisions - current	-	-
Finance costs	696 665	832 563
Correction of Prior Period Error	-	28 449
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	(9 351 008)	(21 194 644)
Appropriation for the year	-	-5 787 552
Operating surplus before working capital changes:	154 159 399	127 819 528
Working Capital	33 415 494	(40 144 233)
Increase in trade and other receivables from exchange transactions	(2 964 488)	4 561 737
Decrease in other receivables from non-exchange transactions	656 107	-3 127 741
Increase in current portion of receivables	32 591	63 831
Increase in prepayments	439 979	-1 630 454
(Increase)/decrease in VAT receivable	35 852 059	(31 722 632)
Increase in Inventory	(3 088 651)	-904 467
Decrease in non-current receivables	28 894	(4 358)
Increase in trade and other payables from exchange transactions	14 559 172	6 032 426
Increase/(decrease) in consumer deposits	(1 433)	2 234 298
Increase in current provisions	-	-
Decrease in current portion of unspent conditional grants and receipts	(27 301 045)	(19 613 596)
Increase in current portion of borrowings	155 704	137 394
Decrease in other current financial liabilities	15 046 604	3 829 329
Appropriation for the year	-	-
(Increase)/decrease in inventories	-	-
Cash generated by/(utilised in) operations	187 574 894	87 675 295
31.1 Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	439 959 099	391 276 604.07
Adjusted for items disclosed separately		
Interest received	(9 351 008)	-21 194 644
Adjusted for working capital	30 516 513	(31 133 630)
Increase in trade and other receivables from exchange transactions	(2 964 488)	4 561 737.00
Decrease in other receivables from non-exchange transactions	656 107	-3 127 740.77
Increase in current portion of receivables	32 591	63 831.00
(Increase)/decrease in VAT receivable	35 852 059	(31 722 632)
Increase in Inventory	(3 088 651)	-904 467.00
Decrease in non-current receivables	28 894	(4 358.00)
Cash receipts from consumers, government and other	461 124 604	338 948 331
31.2 Cash paid to employees, suppliers and other		
Total expenses as per statement of financial performance	(306 906 560)	-267 364 786.44
Adjusted for non-cash items:	29 761 203	24 241 342
Depreciation	29 761 203	30 028 894.00
Appropriations for the year	-	-5 787 552.00
Contribution to provisions - current	-	-
Other adjustments	-	-
Adjusted for items disclosed separately		
Finance Costs	696 665	832 563
Adjusted for working capital	2 898 981	(9 010 603)
Increase in prepayments	439 979	-1 630 454.00
Increase in trade and other payables from exchange transactions	14 559 172	6 032 426.00
Decrease in current portion of unspent conditional grants and receipts	(27 301 045)	(19 613 596)
Increase/(decrease) in consumer deposits	(1 433)	2 234 298
Increase in current portion of borrowings	155 704	137 394
Decrease in other current financial liabilities	15 046 604	3 829 329.00
Cash paid to employees, suppliers and other	(273 549 711)	(251 301 484)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
32 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		148 170 288	77 624 158
Bank overdrafts		-	-
Net cash and cash equivalents (net of bank overdrafts)		<u>148 170 288</u>	<u>77 624 158</u>

33 CHANGE IN ACCOUNTING POLICY

The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies, implementation of GRAP and changes to existing policies:

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
33.6 Accumulated Surplus/(Deficit)			
Balance previously reported			
40 Tractors were previously purchased for distribution to the community. 6 Tractors have subsequently been retained by the municipality for internal LED projects. These tractors were previously expensed.			-
Net effect: Increase PPE Others			1 388 958
Net effect: Increase in Accumulated Surplus Opening Balance			-
Total		<u>-</u>	<u>1 388 958</u>
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
34 MANAGEMENT ACT			
34.1 Contributions to organised local government			
Opening balance			
Membership Fees		298 751	298 645
Amount paid - current			
Amount paid - previous years			
Balance unpaid (included in payables)		<u>298 751</u>	<u>298 645</u>
34.2 Audit fees			
Amount paid - current year		1 141 170	1 000 073
Balance unpaid (included in payables)		<u>1 141 170</u>	<u>1 000 073</u>
34.3 VAT			
VAT input receivables and VAT output payables are shown in note 11. Not all VAT returns were submitted by the due date throughout the year but corrective measures are now in place .			
34.4 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		10 525 191	8 859 329
Amount paid - current year		(10 525 191)	(8 859 329)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>-</u>	<u>-</u>
34.5 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council Contributions		4 960 779	11 403 966
Amount paid - current year		(4 960 779)	-11 403 966
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>-</u>	<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
34.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Total	Outstanding less than 90 days	Outstanding more than 90 days
	R	R	R
as at 30 June 2010			
Cllr FP Ntanzi	10 794	5 303	5 491
Cllr CR Khumalo	4 086	2 511	1 575
Cllr SG Jali	18 975	9 462	9 513
Cllr SR Shwala	1 781	845	936
Cllr RV Sibiyi	309	309	
Cllr NJ Manana	511	511	
Cllr PATN Buthelezi	129	129	
Cllr RM Ndlovu	273	273	
Cllr SG Magwaza	110	110	
Total Councillor Arrear Consumer Accounts	3 113	2 177	936
as at 30 June 2009			
Cllr V Z Magwaza	251	251	-
Cllr S E Nkwanyana	2 399	92	2 307.00
Total Councillor Arrear Consumer Accounts	2 651	343	2 307.00

During the year the following Councillors had arrear accounts outstanding for more than 90 days.

	Highest Amount Outstanding R	Ageing Days
as at 30 June 2010		
Cllr S E Nkwanyana		90x days
as at 30 June 2009		
Cllr S E Nkwanyana	2 242	90x days

35 CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

- Approved and contracted for Infrastructure	110 467 067	148 870 972.85
	110 467 067	148 870 972.85
Total	110 467 067	148 870 972.85

This expenditure will be financed from:

- Government Grants	110 467 067	148 870 972.85
	110 467 067	148 870 972.85

35.2 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	32 535	59 538
In the second to fifth year inclusive	18 707	51 628
Total	51 243	111 166

36 RELATED PARTIES

Members of key management (refer to note 22)
Compensation to councillors and other key management (refer to note 22 & 23)

37 CORRECTION OF PRIOR PERIOD ERROR

During the year ended 30 June 2008, fuel and oil for the 07/08 financial was erroneously recorded as an expense in the 2008/2009 financial year.

The comparative amount has been restated as follows:

Corrections of prior year fuel and oil recorded as an expense in the current year		(479 518)
Decrease in Fuel and Oil		(479 518)
Net effect on surplus/(deficit) for the year	-	479 518
Net effect: decrease on accumulated surplus opening balance		479 518

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2010

	Note	2010 R	2009 R
For the correction of spent grants previously recorded as unspent and Training expenses incurred not recognised			
Decrease unspent LG Seta			20 000
Decrease unspent Transport Plan Grant			469 097
Decrease unspent LG Seta Road Grant			139 363
Training creditors previously not recognised			(106 300)
			<u>(522 160)</u>
Net effect: increase in accumulated surplus 2009 opening balance			<u>(522 160)</u>
Restated Prior period error			
			<u>(42 642)</u>
A call account with the balance of R27 649.46 was incorrectly omitted at 30.06.2009			
Increase in cash and cash equivalents			28 449
For the correction of spent grants previously recorded as unspent and credit card payments expensed			
Decrease Gumbi land Settlement			226 971
Decrease Gijima KZN			206 753
Decrease unspent Transport Plan Grant			158 321
Decrease Credit Card			4 905
			<u>(625 400)</u>
Net effect: increase in accumulated surplus 2009 closing balance			<u>(625 400)</u>
 38 APPROPRIATIONS FOR THE YEAR			
Appropriation for the year is used to record transactions that affect the accumulated surplus. These include prior year cheques not cancellable/ issuable against the line item from which it was issued, journals.			
39 RECLASSIFICATION			
For the correction of Accrued Interest recorded as cash and cash equivalents instead of Debtors Accrued Interest.			
Cash and cash equivalents			-67 054.77
Debtors Accrued Interest			67 054.77

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2010

Loan number	Redeemable Date	Balance at 30 June 2009	Received during the period	Redeemed / written off during the period	Balance at 30 June 2010	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
		R	R	R	R	R	R
EXTERNAL LOANS							
LONG-TERM LOANS-INCA LOAN@12.91%	31/03/2013	5 247 353	-	(1 168 370)	4 078 983	24 940 269	
Total long-term loans		5 247 353	-	(1 168 370)	4 078 983	24 940 269	
TOTAL EXTERNAL LOANS		5 247 353	-	(1 168 370)	4 078 983	24 940 269	

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	30 592 666	-	-	-	30 592 666	(4 660 017)	(992 381)	-	-	(5 652 397)	-	-	24 940 269
Infrastructure													
Water & Sewerage Inst	659 043 185	-	-	117 503 697	776 546 882	(61 524 020)	(17 177 674)	-	-	(78 701 694)	-	-	697 845 188
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(32 381 881)	(9 557 236)	-	-	(41 939 117)	-	-	424 706 397
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 125 688 699	-	-	117 503 697	1 243 192 396	(93 905 901)	(26 734 910)	-	-	(120 640 811)	-	-	1 122 551 585
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	787 596	(787 596)	-	1	-	-	-	-	-	-	-	1
	-	787 596	(787 596)	-	1	-	-	-	-	-	-	-	1
Total carried forward	1 156 751 365	787 596	(787 596)	117 503 697	1 274 255 062	(98 565 918)	(27 727 290)	-	-	(126 293 208)	-	-	1 147 961 854

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	1 156 751 365	787 596	(787 596)	117 503 697	1 274 255 062	(98 565 918)	(27 727 290)	-	-	(126 293 208)	-	-	1 147 961 854
Other Assets													
Office Equipment	1 199 136	21 520	-	-	1 220 656	(686 864)	(143 309)	-	-	(830 173)	-	-	390 482
Furniture & Fittings	277 256	550 874	-	-	828 129	(208 410)	(18 854)	-	-	(227 264)	-	-	600 866
Emergency Equipment	139 475	-	-	-	139 475	(28 622)	(13 948)	-	-	(42 570)	-	-	96 906
Motor vehicles	16 475 985	6 422 155	(1 633 444)	-	21 264 696	(5 510 188)	(994 062)	1 279 098	-	(5 225 151)	-	-	16 039 545
Computer Equipment	4 097 597	384 875	(23 410)	-	4 459 062	(2 223 747)	(496 883)	4 703	-	(2 715 927)	-	-	1 743 134
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	962 582	-	-	-	962 582	(286 983)	(41 515)	-	-	(328 498)	(205 015)	-	429 069
	23 152 030	7 379 424	(1 656 854)	-	28 874 600	(8 944 814)	(1 708 571)	1 283 801	-	(9 369 583)	(205 015)	-	19 300 001
Finance Lease Assets													
Office Equipment	550 000	357 253	-	-	907 253	(220 000)	(124 865)	-	-	(344 865)	-	-	562 388
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	550 000	357 253	-	-	907 253	(220 000)	(124 865)	-	-	(344 865)	-	-	562 388
Total	1 180 453 395	8 524 273	(2 444 450)	117 503 697	1 304 036 915	(107 730 731)	(29 560 726)	1 283 801	-	(136 007 656)	(205 015)	-	1 167 824 244

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land													
Land	400 000	70 000	-		470 000				-	-	-	-	470 000
	400 000	70 000	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings													
Buildings	30 592 666	-	-	-	30 592 666	(3 667 636)	(992 381)	-	-	(4 660 017)	-	-	25 932 649
Infrastructure													
Water & Sewerage Inst	639 375 026	2 629 492	-	17 038 667	659 043 185	(44 346 346)	(17 177 674)	-	-	(61 524 020)	-	-	597 519 165
Water & Sewerage Pipes	301 008 295	61 684 391	-	103 952 828	466 645 514	(22 824 645)	(9 557 236)	-	-	(32 381 881)	-	-	434 263 633
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	940 383 321	64 313 884	-	120 991 494	1 125 688 699	(67 170 991)	(26 734 910)	-	-	(93 905 901)	-	-	1 031 782 798
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	971 375 987	64 383 884	-	120 991 494	1 156 751 365	(70 838 627)	(27 727 291)	-	-	(98 565 918)	-	-	1 058 185 447

ZULULAND DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2009

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Total brought forward	971 375 987	64 383 884	-	120 991 494	1 156 751 365	(70 838 627)	(27 727 291)	-	-	(98 565 918)	-	-	1 058 185 447
Other Assets													
Office Equipment	982 365	216 771	-	-	1 199 136	(551 994)	(134 870)	-	-	(686 864)	-	-	512 272
Furniture & Fittings	253 391	23 865	-	-	277 256	(182 863)	(25 547)	-	-	(208 410)	-	-	68 846
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 475	-	-	-	139 475	(14 674)	(13 948)	-	-	(28 622)	-	-	110 853
Motor vehicles	8 678 671	8 258 681	(461 367)	-	16 475 985	(4 331 529)	(1 436 073)	257 414	-	(5 510 188)	-	-	10 965 797
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	2 685 649	1 411 948	-	-	4 097 597	(1 856 023)	(367 724)	-	-	(2 223 747)	-	-	1 873 850
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	962 582	-	-	-	962 582	(241 790)	(45 193)	-	-	(286 983)	-	-	675 599
	13 702 133	9 911 264	(461 367)	-	23 152 030	(7 178 873)	(2 023 355)	257 414	-	(8 944 814)	-	-	14 207 216
Finance Lease Assets													
Office Equipment	550 000	-	-	-	550 000	-	(110 000)	(110 000)	-	(220 000)	-	-	330 000
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	550 000	-	-	-	550 000	-	(110 000)	(110 000)	-	(220 000)	-	-	330 000
Total	985 628 120	74 295 148	(461 367)	120 991 494	1 180 453 395	(78 017 500)	(29 860 645)	147 414	-	(107 730 731)	-	-	1 072 722 663

ZULULAND DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	38 846 059	8 345 647		(2 444 450)	44 747 256	(9 164 814)	(1 833 436)	1 283 801	(9 714 449)	(205 015)	34 827 792
Finance & Admin	2 995 580	89 313			3 084 893				-		3 084 893
Planning & Development	3 788 992	89 313			3 878 305				-		3 878 305
Health	12 966				12 966				-		12 966
Community & Social Services	1 732 465				1 732 465				-		1 732 465
Public Safety	2 173 787				2 173 787				-		2 173 787
Water	1 130 866 518	-	117 503 697		1 248 370 215	(98 565 918)	(27 727 290)		(126 293 208)		1 122 077 007
Electricity					-				-		-
Other	37 027	-			37 027				-		37 027
Total	1 180 453 394	8 524 274	117 503 697	(2 444 450)	1 304 036 915	(107 730 731)	(29 560 726)	1 283 801	(136 007 656)	(205 015)	1 167 824 243

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2010

2009				2010		
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
-	30 619 095	(30 619 095)	Executive & Council	3 973 724	78 971 935	(74 998 211)
150 225 287	41 354 947	108 870 340	Finance & Admin	170 793 459	14 310 309	156 483 151
19 001 395	26 401 290	(7 399 895)	Planning & Development	1 869 931	16 910 302	(15 040 371)
-	1 348 394	(1 348 394)	Health	-	-	-
2 182 289	60 678 343	(58 496 054)	Community & Social Services	15 322 300	45 301 472	(29 979 172)
-	823 823	(823 823)	Public Safety	-	-	-
5 613 775	4 961 653	652 122	Waste Management	5 757 949	6 113 488	(355 540)
214 314 755	99 535 576	114 779 178	Water	242 694 658	145 594 442	97 100 216
-	1 599 527	(1 599 527)	Other	-	-	-
391 337 501	267 322 649	124 014 852		440 412 022	307 201 948	133 210 074
391 337 501	267 322 649	124 014 852	Total	440 412 022	307 201 948	133 210 074

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E

Grants Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2008/2009 financial statements	Adjustments and Transfers	Quarterly Receipts					Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2009/2010 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework Revenue Act	reason for non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept		Oct to Dec	Jan to Mar	April to June							
				1	2	3	4		1	2	3	4							
Belgrade MPCC	National Treasury	2 791 656	-	-	-	-	-	-	-	-	2 791 656	-	-	2 791 656	-	-	-	-	
Bulk Implementation Grant	DWAF	-	-	4 239 854	5 802 700	15 851 100	8 149 700	34 043 354	7 695 291	15 340 045	7 584 044	3 423 974	34 043 354	-	-	-	-	YES	
CASINO LEVY	KZN COGTA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	YES	
Corridor Development	KZN COGTA	-	-	-	-	4 600 000	-	4 600 000	-	-	8 340	376 922	385 262	4 214 738	-	-	-	YES	
Development Administration	KZN COGTA	250 000	-	-	-	-	-	-	-	24 422	-	-	24 422	225 578	-	-	-	YES	
Development Planning Shared Services	KZN COGTA	1 050 000	-	-	-	-	-	-	-	-	748 250	-	748 250	301 750	-	-	-	YES	
DLGTA -Project management	COGTA	2 870 548	-	-	3 300 000	-	-	3 300 000	-	2 932 738	-	3 237 809	6 170 548	-	-	-	-	YES	
DWAF Operation & Maintenance Grant	DWAF	-	-	709 000	709 000	-	-	1 418 000	58 668	1 359 332	-	-	1 418 000	-	-	-	-	YES	
DWAF Salaries Grant	DWAF	-	-	597 000	597 000	597 000	-	1 791 000	1 791 000	-	-	-	1 791 000	-	-	-	-	YES	
Equitable Share	National Treasury	-	-	66 269 598	35 966 111	39 761 759	17 050 000	159 047 468	66 269 598	35 966 111	39 761 759	17 050 000	159 047 468	-	-	-	-	YES	
FMG	National Treasury	-	-	750 000	-	-	-	750 000	131 517	106 229	183 139	329 115	750 000	-	-	-	-	YES	
Gijima KZN	Dept of economic development	206 753	-	6 271	32 602	-	-	38 873	-	-	-	-	245 626	-	-	-	-	YES	
GIS Shared Services	KZN COGTA	250 000	-	-	-	637 000	-	637 000	-	-	-	-	304 200	582 800	-	-	-	YES	
Gumbi Land settlement	KZN COGTA	226 971	-	-	-	-	-	-	-	-	-	-	226 971	-	-	-	-	YES	
HEATONVILLE	KZN COGTA	-	-	-	-	1 000 000	-	1 000 000	-	-	1 000 000	-	1 000 000	-	-	-	-	YES	
Indonsa Grant	Art & Culture	468 565	-	-	-	1 349 000	-	1 349 000	359 000	453 000	385 000	620 565	1 817 565	-	-	-	-	YES	
Infrastructure Backlog Studies	KZN COGTA	455 318	-	-	-	-	-	-	-	-	-	-	455 318	455 318	-	-	-	YES	
KZN Infrastructure Grant	KZN COGTA	450 000	-	-	-	-	-	-	-	-	-	-	450 000	450 000	-	-	-	YES	
LGSETA	LGSETA	-	-	125 000	117 500	-	-	242 500	-	102 669	122 418	17 413	242 500	-	-	-	-	YES	
LGSETA-road construction	LGSETA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	YES	
LGSETA Grant	LGSETA	139 363	-	-	-	-	-	-	-	-	-	-	139 363	139 363	-	-	-	YES	
MIG	COGTA	17 214 680	-	56 600 000	44 500 000	39 618 000	24 712 000	165 430 000	25 266 980	72 189 656	42 430 419	42 757 625	182 644 680	-	-	-	-	YES	
MONDI	MONDI	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	YES	
MSIG	COGTA	360 344	-	-	735 000	-	-	735 000	283 000	23 000	-	789 344	1 095 344	-	-	-	-	YES	
Municipal Development Info Services	KZN COGTA	415 971	-	-	-	-	-	-	-	227 980	-	187 991	415 971	-	-	-	-	YES	
Nongoma Project Consolidate	Nongoma municipality	1 464 268	-	-	-	-	-	-	61 700	135 969	-	1 266 599	1 464 268	-	-	-	-	YES	
P700 Infrastructure	KZN COGTA	108 630	-	-	-	-	-	-	-	-	-	-	-	108 630	-	-	-	YES	
RURAL WATER SANITATION	DWA	-	-	-	3 777 045	-	-	3 777 045	-	-	374 434	3 402 611	3 777 045	-	-	-	-	YES	
Spatial Development Planning	KZN COGTA	250 000	-	-	-	-	-	-	-	-	-	-	-	250 000	-	-	-	YES	
Sport Grant	Department of Sport & Recreation	454 884	-	-	-	-	-	-	-	138 556	-	316 328	454 884	-	-	-	-	YES	
Strategic support advance	KZN COGTA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	YES	
Transport Plan	Dist of Transport	627 418	-	-	-	-	-	-	-	-	-	627 418	627 418	-	-	-	-	YES	
Ulundi Airport	KZN COGTA	3 937 495	-	-	-	-	-	-	1 140 000	1 712 000	1 085 495	-	3 937 495	-	-	-	-	YES	
ULUNDI INTERMODAL TRANSPORT	KZN COGTA	-	-	-	3 000 000	-	-	3 000 000	-	-	3 000 000	-	3 000 000	-	-	-	-	YES	
Ulundi Tourism Hub	KZN COGTA	805 467	-	-	-	-	-	-	-	-	-	492 183	492 183	313 284	-	-	-	YES	
WATER AFFAIRS	DWAF	-	-	-	-	-	-	10 130	-	-	-	-	10 130	10 130	-	-	-	YES	
WATER SUPPLY	DWAF	-	-	-	1 245 045	-	-	1 245 045	-	-	-	-	1 245 045	1 245 045	-	-	-	YES	
		34 798 331	-	129 296 723	91 759 913	111 435 948	49 911 700	382 414 415	103 056 754	130 483 728	99 702 934	77 972 550	411 215 966	5 996 780	-	-	-	-	
BULK Implementation Grant	DWAF	(3 938 546)	-	3 938 546	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reflected as other debtors - Note 3		30 859 785	-	133 235 269	91 759 913	111 435 948	49 911 700	382 414 415	103 056 754	130 483 728	99 702 934	77 972 550	411 215 966	5 996 780	-	-	-	-	
Unspent grants at 30 June 2008 - Note 13		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	

Amount reflected as unspent conditional grant represents grants on whose conditions have not yet been met.

Zululand District Municipality
Appendix F
Statement of comparative and actual information

Description	2009/2010								
	Original Budget	Budge 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									
Service Charges	18 509 488			18 509 488	17 963 203		546 285	97.05	97.05
Investment Revenue	13 000 000			13 000 000	9 351 008		3 648 992	71.93	71.93
Transfers recognised - operational	175 282 000			175 282 000	193 317 295		-18 035 295	110.29	110.29
Other own revenue	280 000	8 678 000		8 958 000	1 725 105		7 232 896	19.26	616.11
Total Revenue	207 071 488	8 678 000	-	215 749 488	222 356 610	-	-6 607 122		
Employee costs	65 959 814			65 959 814	74 959 976		-9 000 162	113.64	113.64
Remuneration of councillors	5 357 601			5 357 601	5 039 368		318 233	94.06	94.06
Debt impairment	2 877 213			2 877 213	-		2 877 213	-	-
Depreciation	-			-	29 761 203		-29 761 203		
Repairs and Maintenance	30 432 492			30 432 492	24 643 917		5 788 575	80.98	80.98
Finance charges	594 508			594 508	696 665		-102 157	117.18	117.18
Materials and Bulk Purchases	32 510 585			32 510 585	35 611 904		-3 101 319	109.54	109.54
Transfers of grants	844 658			844 658	844 658		-	100.00	100.00
General Expenses	103 824 099	8 678 000		112 502 099	101 231 430		11 270 669	89.98	97.50
Other expenditure	201 104			201 104	3 706 717		-3 505 613	1 843.18	1 843.18
Total Expenditure	242 602 074	8 678 000	-	251 280 074	276 495 838	-	-25 215 764		
Surplus / (Deficit)	-35 530 586	-	-	-35 530 586	-54 139 229				
Transfers Recognised- capital	183 542 000			183 542 000	216 688 034		-33 146 034	118.06	118.06
Contributions Recognised	-			-	-		-		
Surplus/Deficit after capital transfers	148 011 414	-	-	148 011 414	162 548 806	-	-33 146 034		
Capital Expenditure	196 957 650	8 028 000		204 985 650	225 212 308		-20 226 658	109.87	114.35
Transfers recognised- capital	183 542 000	8 028 000		191 570 000	216 688 034		-25 118 034	113.11	118.06
Public contributions	-			-	-		-		
Borrowings	-			-	-		-		
Internally Generated funds	13 415 650			13 415 650	8 524 273.34		4 891 377	63.54	63.54
Total Sources of capital funds	196 957 650	8 028 000	-	204 985 650	225 212 308	-	-20 226 658		40