



**UMKHANYAKUDE DISTRICT MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2010**

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

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### GENERAL INFORMATION:

Legal Form of Entity	Municipality
<b>Executive Committee</b>	
Mayor	Councillor LM Mthombeni (Chairperson)
Deputy Mayor	Councillor M Zungu
Speaker	Councillor G P Moodley
Member	Councillor L M Nhleko Councillor S S Mhlongo Councillor H M Mayise
Other Council Members	21 Councillors
Grading	4
Acting Accounting Officer	Mr S R Mathobela
Acting Chief Financial Officer ( CFO)	Mr T M Mabika
Registered Office	Lot 13433 Kingfisher Road, Remainder of Harlingen Farm, Mkuze, 3965
Postal address	P O Box 449 Mkuze 3965
Bankers	First National Bank Mkuze  Absa Bank, Durban  Ithala Bank, Durban
Auditors	Auditor General South Africa Redlands Estate, 1 George McFarlane Wembley Pietermaritzburg 3201
Attorneys	Shepston & Wylie Richards Bay

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

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### Accounting Officers Responsibilities and Approvals

The Accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP).

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, he is satisfied that the municipality has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is to a large extent dependent on the National and Provincial Government Grants for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern. Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer and other Senior Managers.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page ...

The annual financial statements set out on page 6 to 47, which have been prepared on the going concern basis, were approved by the accounting officer on ..... and were signed on its behalf by:

\_\_\_\_\_  
**Mr SR Mathobela**

**Acting Municipal Manager**

**Date:** .....

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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**Annual Financial Statements for the year ended 30 June 2010**

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## Audit Committee Report

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# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Statement of Financial Position

	Notes	2010 R	2009 R
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	6	984 719	1 204 803
Other debtors	7	1 193 004	6 015 088
VAT Receivable	8	246 463	1 619 622
Prepayments		-	142 278
Consumer debtors	9	4 065 201	22 755 735
Cash and cash equivalents	10	8 768 860	13 495 320
		<b>15 258 247</b>	<b>45 232 846</b>
<b>Non Current Assets</b>			
Property, plant and equipment	2	1 076 506 868	1 047 705 289
Investment in subsidiary	3	100	100
Long term receivable	4	-	255 071
Investments	5	11 192 954	89 508
		<b>1 087 699 922</b>	<b>1 048 049 968</b>
<b>Total assets</b>		<b>1 102 958 169</b>	<b>1 093 282 814</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	59 830 192	62 276 165
Consumer deposits	17	712 741	605 849
Unspent conditional grants and receipts	11	57 945 404	26 909 904
Provisions	12	2 877 512	2 465 107
Current portion of long term liabilities	13	2 097 708	749 839
Current portion of finance lease obligations	14	1 066 680	1 428 381
Bank overdraft	10	3 450 306	-
		<b>127 980 543</b>	<b>94 435 245</b>
<b>Non - Current Liabilities</b>			
Investment loan	3	100	100
Long term liabilities	13	10 497 758	14 625 326
Finance lease obligation	14	287 064	1 373 722
		<b>10 784 922</b>	<b>15 999 148</b>
<b>Total Liabilities</b>		<b>138 765 465</b>	<b>110 434 393</b>
<b>Net Assets</b>		<b>964 192 704</b>	<b>982 848 420</b>
<b>Net Assets</b>			
<b>Reserves</b>			
Accumulated surplus		964 192 704	982 848 420
<b>Total Net Assets</b>		<b>964 192 704</b>	<b>982 848 420</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Statement of financial performance

	Notes	2010 R	2009 R
<b>Revenue</b>			
Service charges	17	31 614 377	42 667 869
Property Rates	18	744 448	-
Rental Income		70 865	87 744
Other income		632 579	25 359
Government grants		187 364 030	234 885 398
Interest received – investment	23	809 458	2 488 063
<b>Total Revenue</b>		<b>221 235 757</b>	<b>280 154 433</b>
<b>Expenditure</b>			
Employee related costs	21	49 539 098	42 504 330
Remuneration of councilors	22	2 698 646	2 336 665
Depreciation and amortization		47 991 900	57 146 677
Impairment loss/Reversal of impairment		-	-
Finance costs	24	2 009 233	3 804 533
Provision for doubtful debts		37 098 827	20 400 694
Repairs and maintenance		5 136 552	6 750 311
Bulk purchases	26	52 227 457	43 574 348
Contracted services	25	120 249	3 779 473
Grant expenditure		4 676 654	24 376 396
General expenditure	20	38 392 862	28 623 856
<b>Total Expenditure</b>		<b>239 891 479</b>	<b>233 297 283</b>
<b>(Deficit)/Surplus for the year</b>		<b>(18 655 722)</b>	<b>46 857 150</b>

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## Annual Financial Statements for the year ended 30 June 2010

### Statement of Changes in Net Assets

	Notes	Revaluation Reserve R	Government grant reserve R	Total reserves R	Accumulated Surplus R	Total net assets R
<b>Balance at 30 June 2008</b>			<b>487 569 065</b>	<b>487 569 065</b>	<b>87 795 507</b>	<b>575 364 572</b>
Correction of prior period error	31				29 880 931	29 880 931
<b>Restated balance</b>			<b>487 569 065</b>	<b>487 569 065</b>	<b>117 676 438</b>	<b>605 245 503</b>
<b>Changes in net assets</b>						
Surplus for the year	31				46 857 150	46 857 150
Revaluation of Assets		345 619 008		345 619 008		345 619 008
Offsetting of depreciation		(8 782 076)		(8 782 076)	8 782 076	-
Write off of balance and other corrections during the year					(4 809 100)	(4 809 100)
Write off of accumulated depreciation on revaluation and disposal of assets					6 388 056	6 388 056
Transfer of sports complex			(14 996 284)	(14 996 284)	-	(14 996 284)
Automatic transfers incorrectly processed					(1 455 907)	(1 455 907)
Transferred to Accumulated Surplus			(472 572 780)	(472 572 780)	472 572 780	-
Reversal of Revaluation Surplus incorrectly recognized previously		(345 619 008)		(345 619 008)	345 619 008	
Reversal of depreciation offset against accumulated surplus incorrectly recognised previously		8 782 076		8 782 076	(8 782 076)	-
<b>Total changes</b>		<b>-</b>	<b>(487 569 065)</b>	<b>(487 569 065)</b>	<b>865 171 988</b>	<b>377 602 923</b>
<b>Restated balance as at 30 June 2009</b>	31	<b>-</b>	<b>-</b>	<b>-</b>	<b>982 848 426</b>	<b>982 848 426</b>
Surplus/(Deficit) for the year					(18 655 722)	(18 655 722)
<b>Total changes</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(18 655 722)</b>	<b>(18 655 722)</b>
<b>Balance as at 30 June 2010</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>964 192 704</b>	<b>964 192 704</b>



# UMKHANYAKUDE DISTRICT MUNICIPALITY

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### Cash Flow Statement

	Notes	2010 R	2009 R
<b>Cash flows from operating activities</b>			
Cash receipts from customers		245 454 354	285 688 447
Cash paid to suppliers and employees		(160 668 331)	(117 406 359)
<b>Cash generated from operations</b>	<b>27</b>	<b>84 786 023</b>	<b>168 282 089</b>
Interest income		809 458	2 488 063
Finance costs		(2009 233)	(3 804 533)
<b>Net cash from operating activities</b>		<b>83 586 249</b>	<b>166 965 618</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(76 793 480)	(110 812 051)
Prior period errors		-	(50 549 415)
Movement in investment		(11 103 446)	8 689 296
Increase in long term receivables		255 071	(9 598)
<b>Net cash from investing activities</b>		<b>(87 641 855)</b>	<b>(152 681 768)</b>
<b>Cash flows from financing activities</b>			
Movement in long term liabilities		(4 127 568)	(2 440 542)
Movement in Finance lease obligation		(1 086 655)	(618 845)
Movement in current portion of long term liabilities		1 347 870	(2 060 808)
Movement in current portion of finance lease liabilities		(361 701)	1 428 380
Movement in consumer deposits		106 895	239 810
<b>Net cash from financing activities</b>		<b>(4 121 157)</b>	<b>(3 452 005)</b>
<b>Total cash movement for the year</b>		<b>(8 176 765)</b>	<b>10 831 845</b>
Cash at the beginning of the year		13 495 320	2 663 475
<b>Net cash increase in cash and cash equivalents</b>		<b>5 318 555</b>	<b>13 495 320</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

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### Notes to the Annual Financial Statements

#### Accounting Policies

##### 1. Presentation of Financial Statements

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 South African Standards of Generally Recognised Accounting Practice (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been developed in accordance with paragraph 7, 11 and 12 of GRAP 3. These accounting policies and 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.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

The standards included in the GRAP reporting framework, as determined in Directive 5 as issued by the Accounting Standards Board, are summarized as follows:



#### Standard of GRAP

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 financial statements and accounting for controlled entities
GRAP 7	Investments in associates
GRAP 8	Interest 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 reporting date
GRAP 16	Investment Property
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets

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### Accounting Policies

GRAP 100	Non- current assets held for sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral resources
IFRS 7 (AC 144)	Financial Instruments: Disclosures
IAS 12 (AC 102)	Income Taxes
IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 36 (AC 128)	Impairment of Assets
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
IPSAS 120	Related Party Disclosure
IPSAS 121	Impairment of Non cash Generating Assets
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 14	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue

Accounting policies for material transactions, events or conditions not covered by the above GRAP reporting framework have been developed in accordance with paragraph 17, 11 and 12 of GRAP 3 and the hierarchy approved in Directive 5, as issued by the Accounting Standards Board.

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

#### 1.1 Significant judgments and sources of estimation and uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgment includes:

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are in note – 12, Provisions.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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### Accounting Policies

#### 1.2 Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognized as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary asset, or a combination of monetary and non-monetary asset, the assets 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.

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.

Costs include costs incurred initially to acquire or to construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, and service it. If a replacement cost is recognized in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognized.

Property, plant and equipment are depreciated on the straight line basis over their estimated useful lives to their estimated residual value.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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### Accounting Policies

#### Property, plant and equipment (continued)

The useful lives of items of property, plant and equipment have been assessed as follows:-

Item	Average useful life
Infrastructure	
• Electricity	20 – 30
• Water	15 – 20
• Sewerage	15 – 20
Community	
• Buildings	30
•	
• Airport	20
• Security measures	5
Other	
• Bins and containers	5
• Computer equipment	5
• Computer software	3 – 5
• Emergency equipment	15
• Furniture and fittings	7 – 10
• Motor vehicles	5
• Office equipment	5
• Office machines	3 – 5
• Plant and equipment	2 – 10
• Telecommunication	5

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognized in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognized 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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognized. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

### 1.3 Investments

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

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.

### 1.4 Financial instruments

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

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## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### Financial instruments (continued)

##### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

##### Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

##### Finance lease – lessee

Finance leases are recognized as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

#### 1.6 Inventories

The inventories are initially measured at cost, except where inventories are acquired at no cost, or for nominal consideration, and then their costs are their fair value as at date of acquisition.

Subsequently inventories are measured at the lower of cost or net realizable value.

- Distribution at no charge or for a nominal charge, or
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge. The cost of inventories comprise of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

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## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### 1.7 Impairment of assets

The municipality assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.8 Employee benefits

##### Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

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

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### Employee benefits (continued)

#### Pension Obligations

Umkhanyakude District Council and its employees contribute to the Natal Joint Municipal Pension Fund, Kwazulu-Natal Joint Municipal Provident Fund and GEPF which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No.24 of 1973) and in accordance with the requirements of the Pension Fund Act, 1956 Current contributions are charged against operating income on the basis of current service costs.

### 1.9 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.



# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

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### 1.10 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting periods when those inflow result in an increase in net assets, other than increases relating to contribution from owners.

An exchange transaction is the one in which the municipality receives assets or services, or has liability extinguished, and directly gives approximately equal value (primarily in the in the form of goods, or services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebate.

#### Rendering of service

When the outcome of transaction involving the rendering of service can be estimated reliable, revenue associated with the transaction is recognized by reference to the stage of completion of transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following condition are satisfied:

- the amount of revenue can be measure reliably.
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- the stage of completion of transaction at the reporting date can be measured reliably.
- the cost incurred for the transaction and cost to complete the transaction could be measured reliably

When service are performed by indeterminable number of act over a specified time frame, revenue is recognized on a straight line basis over the specific time frame unless there an evidence that some other methods better represent stage of completion .when a specific act is much more significant than any other act, the recognition of revenue is postpone until the significant acts is executed.

When the outcome of transaction involving the rendering of service cannot be estimated, reliable revenue is recognized only to extent of the expenses recognized that are recoverable.

### 1.11 Revenue from non exchange

Non exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefit or service potential during the reporting period when those inflows result in an increase in net assets other that increase relating to contribution from owners.

Fair value is the amount for which an asset could be exchange, or liability settled between two willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discount or volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates ,including collection charges and penalty interest, is recognized when :

- it is probably that economic benefit or service potential associated with the transaction will flow to the municipality.
- the amount of revenue could be measure reliably and
- there has been compliance with the relevant legal requirements.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### Rates, including collection charges and penalties interest (continued)

Changes to the property values during a reporting period by a suitably qualified valuator and adjustments are made to the rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognized are processed or additional rate revenue is recognized.

#### Government grant

Government grants are recognized as revenue when:

- it is probable that economic benefits or service potential associated with the transaction will flow to the municipality
- the amount of the revenue can be measured reliably and
- to the extent that there has been compliance with any restriction associated with the grant.

Restriction in government grant may result in such revenue being recognized on the time proportion basis. Where there is no restriction on the period, such revenue is recognized on receipt or when the Act become effective, which-ever is earlier.

#### 1.12 Investment income

Interest and rentals are recognised on a time proportion basis.

#### 1.13 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

#### 1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

#### 1.15 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### 1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### 1.16 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorized expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- this Act, or
- the state tender board Act, 1968 (Act no. 86 of 1968), or any regulation made in term of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the year and which was condoned before year end and/or before finalization of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statement.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statement must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person a debt account must be created if such a person is liable in law. Immediate step must thereafter be taken to recover the from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statement. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law the expenditure related thereto must remain against the relevant program/ expenditure item, be disclosed as such in the note to the financial statement and updated accordingly in the irregular expenditure register.

#### 1.17 Conditional Grants and receipts

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

#### 1.18 Going concern assumption

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

#### 1.19 Presentation currency

These annual financial statements are presented in South African Rand.

#### 1.20 Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a standard of GRAP.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

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### Accounting policies

#### 1.2.1 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment Information is prepared in conformity with the accounting policies applied after preparing and presenting the financial statements

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# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements

#### 2. Property, Plant and Equipment

	2010			2009		
	Cost/Valuation	Accumulated Depreciation	Carrying Value	Cost/Valuation	Accumulated Depreciation	Carrying value
Land	9 000	-	9 000	9 000	-	9 000
Buildings	24 032 800	2 505 931	21 526 869	24 032 800	1 962 800	22 070 000
Furniture & Fittings	286 631	215 526	71 105	286 631	186 410	100 221
Office equipment	1 422 653	1 168 612	254 041	1 374 303	1 024 196	350 107
Computer equipment	4 341 341	3 199 890	1 141 451	3 993 553	2 798 553	1 195 000
Infrastructure	1 058 962 231	201 966 300	856 995 931	1 058 962 232	157 626 727	901 335 505
Community Assets	12 261 944	1 227 105	11 034 839	12 261 944	1 048 486	11 213 458
Other property, plant & equipment	13 354 902	10 942 909	2 411 993	13 337 116	9 651 467	3 685 649
Assets - leased	5 962 864	4 657 641	1 305 223	5 962 864	3 593 375	2 369 489
Capital work in progress	181 756 416	-	181 756 416	105 376 860	-	105 376 860
	<b>1 302 390 782</b>	<b>225 883 910</b>	<b>1 076 506 868</b>	<b>1 225 597 303</b>	<b>177 892 010</b>	<b>1 047 705 289</b>

#### Reconciliation of property, plant and equipment – 2010

	Opening balance	Addition	Depreciation	Total
Land	9 000	-	-	9 000
Buildings	22 070 000	-	(543 131)	21 526 869
Furniture and fixture	100 221	-	(29 116)	71 105
Office Equipment	350 107	48 349	(144 415)	254 041
IT Equipment	1 195 000	347 788	(401 337)	1 141 451
Infrastructure	901 335 505	-	(44 339 574)	856 995 931
Community Assets	11 213 458	-	(178 619)	11 034 839
Other property, plant & equipment	3 685 649	17 786	(1 291 442)	2 411 993
Assets - leased	2 369 489	-	(1 064 266)	1 305 223
Capital work in progress	105 376 860	76 379 556	-	181 756 416
<b>TOTAL</b>	<b>1 047 705 289</b>	<b>76 793 480</b>	<b>(47 991 900)</b>	<b>1 076 506 868</b>

#### Reconciliation of property, plant and equipment – 2009

	Opening Balance	Transfers	Addition	Depreciation	Total
Land	9 000	-	-	-	9 000
Buildings	22 724 267	-	-	(654 267)	22 070 000
Furniture and fixture	125 922	-	11 402	(37 103)	100 221
Office Equipment	588 201	-	9 621	(247 715)	350 107
Computer Equipment	1 354 851	-	215 712	(375 563)	1 195 000
Infrastructure	950 650 086	-	2 646 926	(51 961 507)	901 335 505
Community Assets	50 830 202	(40 618 068)	1 361 568	(360 244)	11 213 458
Other property, plant & equipment	5 921 793	-	-	(2 236 144)	3 685 649
Assets - leased	2 453 667	-	1 189 961	(1 274 139)	2 369 489
Capital work in progress	-	-	105 376 860	-	105 376 860
<b>TOTAL</b>	<b>1 034 657 989</b>	<b>(40 618 068)</b>	<b>110 812 050</b>	<b>(57 146 677)</b>	<b>1 047 705 289</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the offices of the uMkhanyakude Municipality.

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>3. Investment in Subsidiary</b>		
<b>Name of company</b>	<b>Held by</b>	
Umhlosinga Development	Umkhanyakude Municipality	
Issued share capital	100	100
Percentage owned by Council	100%	100%
<b>4. Other Financial Assets</b>		
<b>Long term receivables</b>		
Housing loans	1	1
Avis Loan – CLLR L M Mthombeni	254 792	185 131
Vehicle loans	69 939	69 939
Loan to Umhlabuyalingana Municipality	2 090 006	-
<b>Provision for debt impairment</b>	<b>(2 414 738)</b>	<b>-</b>
	<b>-</b>	<b>255 071</b>
<p>The municipality has not reclassified any financial assets from cost to fair value or amortised cost to fair value, or from fair value to cost, or amortised cost during the current or prior year</p>		
<b>5. Investments</b>		
<b>Term Deposit – ABSA</b>		
Term deposit ABSA Bank	11 192 954	89 508
	<b>11 192 954</b>	<b>89 508</b>
<b>6. Inventories</b>		
Water stock – at cost	57 784	85 778
Water meters – at cost	926 935	1 119 025
	<b>984 719</b>	<b>1 204 803</b>
<b>7. Other debtors</b>		
Other debtors	6 176 325	7 441 353
Less: provision for debt impairment	(4 983 321)	(1 426 265)
	<b>1 193 004</b>	<b>6 015 088</b>
<b>8. Other receivables from non exchange transactions, including taxes and transfers</b>		
VAT receivable	246 463	1 619 622

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>9. Consumer debtors</b>		
<b>Gross balances</b>		
Sewerage	5 146 566	4 886 336
Electricity	2 222 541	5 348 165
Water	82 523 214	68 069 992
Rates	848 670	-
<b>Total</b>	<b>90 740 991</b>	<b>78 304 493</b>
<b>Less: Provision for debt impairment</b>		
Sewerage	(5 344 973)	(3 648 747)
Electricity	(2 000 137)	(3 991 311)
Water	(78 736 609)	(47 908 699)
Rates	(594 070)	-
<b>Total</b>	<b>(86 675 789)</b>	<b>(55 548 757)</b>
<b>Net balance</b>		
Sewerage	(198 407)	1 418 129
Electricity	222 403	1 554 343
Water	3 786 605	19 783 263
Rates	254 600	-
<b>Total</b>	<b>4 065 201</b>	<b>22 755 735</b>
<b>Sewerage</b>		
Current ( 0 – 30 days)	(332 917)	(380 550)
31 – 60 days	68 308	60 828
61 – 90 days	66 202	79 385
91 – 120 days	59 563	108 552
121 – 365 days	5 285 410	5 018 121
<b>Total</b>	<b>5 146 566</b>	<b>4 886 336</b>
<b>Electricity</b>		
Current ( 0 – 30 days)	(71 038)	(772 329)
31 – 60 days	224 400	151 996
61 – 90 days	69 041	75 554
91 – 120 days	113 254	83 442
121 – 365 days	1 886 883	5 809 502
<b>Total</b>	<b>2 222 541</b>	<b>5 348 165</b>
<b>Water</b>		
Current ( 0 – 30 days)	(337 754)	(2 048 452)
31 – 60 days	2 009 402	1 989 549
61 – 90 days	2 103 934	2 712 410
91 – 120 days	1 527 324	2 792 242
121 – 365 days	77 220 309	62 624 243
<b>Total</b>	<b>82 523 214</b>	<b>68 069 992</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>Rates</b>		
Current ( 0 – 30 days)	84 842	-
31 – 60 days	84 867	-
61 – 90 days	84 867	-
91 120 days	84 867	-
121 – 365 days	509 227	-
<b>Total</b>	<b>848 670</b>	<b>-</b>

### Reconciliation of debt impairment provision

Balance at the beginning of the year	55 548 757	35 148 062
Contribution to provision	31 127 032	20 400 695
	<b>86 675 789</b>	<b>55 548 757</b>

### 10. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 541	1 500
Bank balances	8 767 319	13 493 820
Bank Overdraft	(3 450 306)	-
	<b>5 318 554</b>	<b>13 495 320</b>
Current Assets	8 768 860	13 493 820
	<b>8 768 860</b>	<b>13 495 320</b>
Current Liabilities	(3 450 305)	-
	<b>(3 450 305)</b>	<b>-</b>



# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>10. Cash and cash equivalents (continued)</b>		
The municipality has the following bank accounts:		
Cheque account ( primary Bank Account)		
ABSA Bank – Account Number 40 – 5310 – 7423		
Cash book balance at the beginning of the year	11 593 189	426 514
Cash book balance at the end of year	8 119 855	11 593 189
Bank statement balance at the beginning of year	11 593 189	426 514
Bank statement balance at the end of the year	8 119 855	8 115 189
Commercial Cheque Account		
FNB – Account number 62026865321		
Cash book balance at the beginning of year	193 605	(3 395 433)
Cash book balance at the end of year	(3 450 306)	193 605
Bank statement balance at the beginning of year	193 605	10 505 038
Bank statement balance at the end of year	5 670 965	193 605
Call Account		
FNB – Account Number 620 27696478		
Cash book balance at the beginning of year	83 381	82 830
Cash book balance at the end of year	82 896	83 381
Bank statement balance at the beginning of year	83 381	82 830
Bank statement balance at the end of year	82 896	83 381
FNB cheque – Account Number 620 9299 3809		
Cash book balance at the beginning of year	680 962	1 077 144
Cash book balance at the end of year	497 182	680 962
Bank statement balance at the beginning of year	680 962	1 077 144
Bank statement balance at the end of year	497 182	680 962
Ithala Club Save 23247671		
Cash book balance at the beginning of year	266 745	482 336
Cash book balance at the end of year	40 913	266 745
Bank statement balance at the beginning of year	266 745	482 336
Bank statement balance at the end of year	40 913	266 745
FNB Cheque – Account number 620 9915 5387		
Cash book balance at the beginning of year	137 530	135 942
Cash book balance at the end of year	-	137 530
Bank statement balance at the beginning of year	137 530	135 923
Bank statement balance at the end of year	-	137 530
FNB cheque – Account number 620 9915 6046		
Cash book balance at the beginning of year	219 198	213 163
Cash book balance at the end of year	-	219 198
Bank statement balance at the beginning of year	219 198	213 176
Bank statement balance at the end of year	-	219 198
FNB cheque – Account number 620 9915 6864		
Cash book balance at the beginning of year	316 866	302 607
Cash book balance at the end of year	-	316 866
Bank statement balance at the beginning of year	316 866	302 656
Bank statement balance at the end of year	-	316 866

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>10. Cash and cash equivalents (continued)</b>		
FNB cheque – Account number 622 6373 3258		
Cash book balance at the beginning of year	-	-
Cash book balance at the end of year	26 474	-
Bank statement balance at the beginning of year	-	-
Bank statement balance at the end of year	26 474	-

### 11. Unspent conditional grants and receipts

#### Unspent conditional grants and receipts comprise:

Conditional grants from other spheres of government	43 368 539	10 119 611
Other grant receipts	14 576 865	16 790 292
	<u>57 945 404</u>	<u>26 909 904</u>

Refer to Appendix E for more detail on conditional grants and receipts.

### 12. Provisions

#### Reconciliation of provisions – 2010

	Opening balance	Raised/(Reversed) during the year	Total
Provision for performance business	397 980	(397 980)	-
Provision for leave pay	2 067 127	810 385	2 877 512
	<u>2 465 107</u>	<u>412 405</u>	<u>2 877 512</u>

#### Reconciliation of provisions – 2009

	Opening balance	Raised/(Reversed) during the year	Total
Provision for performance business	788 598	(390 618)	397 980
Provision for leave pay	1 792 706	274 421	2 067 127
	<u>2 581 304</u>	<u>(116 197)</u>	<u>2 465 107</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>13. Long term liabilities</b>		
Refer to Appendix A for more detail on long term loans		
<b>Long term loans</b>		
Development Bank of South Africa - loan	12 595 465	15 375 165
<b>Less: Current portion of long term liabilities</b>		
Development Bank of South Africa – loan	2 097 708	749 839
	<b>10 497 758</b>	<b>14 625 326</b>
<b>14. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- Within one year	1 238 973	1 403 836
- In second to fifth year	345 373	1 590 028
	<b>1 584 746</b>	<b>3 664 258</b>
Less: Future finance charges	(230 602)	(862 155)
Present value of minimum lease payments	<b>1 353 744</b>	<b>2 802 103</b>
<b>Present value of minimum lease payments</b>		
- Within one year	1 066 680	1 428 381
- In second to fifth year	287 064	1 373 722
	<b>1 353 744</b>	<b>2 802 103</b>
Non - current liabilities	287 064	1 373 722
Current liabilities	1 066 680	1 428 381
	<b>1 353 744</b>	<b>2 802 103</b>

It is the municipality's policy to lease office equipment and vehicles under finance leases.

The municipality has finance lease agreements for the following significant classes of assets:

- Motor Vehicles
- Trucks and Bakkies
- Office Machines
- Telecommunication

Included in these classes are the following significant leases:

- Trucks and Bakkies
  - Installments are payable monthly in arrears
  - Average period outstanding 5 months
  - Average effective interest rate 3%
  - Average monthly installment R 5 937

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>Finance lease obligation (continued)</b>		
ii) Office Machines		
- Installments are payable monthly in arrears		
- Average period outstanding	16 months	
- Average effective interest rate	2%	
- Average monthly installment	R5 514	
iii) Telecommunication		
- Installments are payable monthly in arrears		
- Average period outstanding	17 months	
- Average effective interest rate	2%	
- Average monthly installment	R18 230	
iv) Telecommunications		
- Installments are payable monthly in arrears		
- Average period outstanding	52 months	
- Average effective interest rate	3%	
- Average monthly installment	R 18 230	

### 15. Trade and payables

Trade payables	40 210 706	49 788 197
Creditor suspense	5 013	2 563
Retentions	7 458 120	10 520 065
Other creditors	10 804 435	1 277 740
Staff and Councilors back pay	509 218	-
Bonus pay accrual	842 700	687 600
	<b>59 830 192</b>	<b>62 276 165</b>

### 16. Consumer deposits

Jozini – water debtors	433 617	345 056
Mtubatuba- water debtors	279 124	260 793
	<b>712 741</b>	<b>605 849</b>

### 17. Service Charges

Sale of electricity	1 182 816	2 658 698
Sale of water	29 494 301	38 806 134
Sewerage and sanitation	937 260	1 203 037
	<b>31 614 377</b>	<b>42 667 869</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>18. Property rates</b>		
Residential	48 308	-
Commercial	360 088	-
State	336 052	-
	<b>744 448</b>	<b>-</b>

The Municipality commenced charging rates for the first time in September 2009. Valuations on land and buildings are performed every four years. The last valuation came into effect on 01 September 2009.

A general rate randage of R 0,0025 is applied to property valuations relating to Agricultural and a general rate randage of R 0,01 is applied to all other property valuations to determine assessment rates. Rates are levied on a monthly basis to property owners. Interest is levied at prime on outstanding rates since 01 July 2010.

### 19. Government grants and subsidies

Equitable Share	105 880 714	84 569 947
Financial management grant	472 813	500 000
IDP Grant	47 458	-
Drought Relief Grant	-	1 566 202
Shared Services Grant	1 203 406	128 189
Debt Collection Grant	1 133 846	3 547 628
Umnqobokazi Sportsfield	13 931	1 250 000
Qongwana Sportsfield	180 900	131 620
Mtuba Water Conservation and Demand Management	194 046	1 126 371
KwaJobe-Cezwana Water Purification Grant	-	127 120
Disaster Management	275 252	1 925
Department of Transport	200 000	-
LED Capacity Building	866	-
Opportunities for Local SMME's	769	-
LED Institutional Arrangements	845	-
MSIG	1 339 018	130 982
Support & Development Capacity	81 138	-
Expanded Public Works Programme (EPWP)	240 400	-
<b>Total government grants and subsidies:</b>	<b>111 265 401</b>	<b>93 079 984</b>

### Equitable Share

Balance unspent at the beginning of year	-	-
Current year receipts	105 880 714	84 569 947
Conditions met-transferred to revenue	(105 880 714)	(84 569 947)
Conditions still to be met – transferred to liabilities	-	-

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>19. Government grants and subsidies (continued)</b>		
<b>PIMMS/NDT Operational</b>		
Balance unspent at the beginning of year	(300)	(300)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(300)</u>	<u>(300)</u>
<b>Finance Management Grant</b>		
Balance unspent at the beginning of year	-	-
Current year receipts	(750 000)	(500 000)
Conditions met-transferred to revenue	472 813	500 000
Conditions still to be met – transferred to liabilities	<u>(277 187)</u>	<u>-</u>
<b>Drought Relief</b>		
Balance unspent at the beginning of year	-	(1 566 202)
Current year receipts	-	-
Conditions met-transferred to revenue	-	1 566 202
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>-</u>
<b>Capacity Building – Asset Management</b>		
Balance unspent at the beginning of year	(784 000)	(784 000)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(784 000)</u>	<u>(784 000)</u>
<b>Development Agency Grant</b>		
Balance unspent at the beginning of year	(621 456)	(621 456)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(621 456)</u>	<u>(621 456)</u>
<b>IDP Grant</b>		
Balance unspent at the beginning of year	(47 458)	(47 458)
Current year receipts	-	-
Conditions met-transferred to revenue	47 458	-
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(47 458)</u>
<b>Shared Services Grant</b>		
Balance unspent at the beginning of year	(2 843 311)	(1 421 500)
Current year receipts	(637 000)	(1 550 000)
Conditions met-transferred to revenue	1 203 406	128 189
Conditions still to be met – transferred to liabilities	<u>(2 276 905)</u>	<u>(2 843 311)</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>Debt Management Grant</b>		
Balance unspent at the beginning of year	(2 452 372)	(6 000 000)
Current year receipts	-	-
Conditions met-transferred to revenue	1 133 846	3 547 628
Conditions still to be met – transferred to liabilities	<u>(1 318 526)</u>	<u>(2 452 372)</u>
<b>Umnqobokazi</b>		
Balance unspent at the beginning of year	-	-
Current year receipts	-	(1 250 000)
Conditions met-transferred to revenue	13 931	1 250 000
Adjustment	(272 175)	-
Conditions still to be met – transferred to liabilities	<u>(258 244)</u>	<u>-</u>
<b>Qongwane Sportsfield</b>		
Balance unspent at the beginning of year	(180 900)	(312 520)
Current year receipts	-	-
Conditions met-transferred to revenue	180 900	131 620
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(180 900)</u>
<b>KwaZibi National Lottery</b>		
Balance unspent at the beginning of year	(166 667)	(166 667)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(166 667)</u>	<u>(166 667)</u>
<b>Mqobela National Lottery</b>		
Balance unspent at the beginning of year	(166 666)	(166 666)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(166 666)</u>	<u>(166 666)</u>
<b>Mabibi National Lottery</b>		
Balance unspent at the beginning of year	(166 667)	(166 667)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(166 667)</u>	<u>(166 667)</u>
<b>Mtuba water Conservation and demand management</b>		
Balance unspent at the beginning of year	(718 355)	(1 844 726)
Current year receipts	-	-
Conditions met-transferred to revenue	194 046	1 126 371
Conditions still to be met – transferred to liabilities	<u>(524 309)</u>	<u>(718 355)</u>

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>KwaJobe Cezwane Water Purification</b>		
Balance unspent at the beginning of year	(787 880)	(915 000)
Current year receipts	-	-
Conditions met-transferred to revenue	-	127 120
Conditions still to be met – transferred to liabilities	<u>(787 880)</u>	<u>(787 880)</u>
<b>KwaJobe Nongowoza Water Purification</b>		
Balance unspent at the beginning of year	(915 000)	(915 000)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(915 000)</u>	<u>(915 000)</u>
<b>Bazaneni River Water Purification</b>		
Balance unspent at the beginning of year	(756 400)	(756 400)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(756 400)</u>	<u>(756 400)</u>
<b>Disaster Management Grant</b>		
Balance unspent at the beginning of year	(275 252)	(277 177)
Current year receipts	-	-
Conditions met-transferred to revenue	(275 252)	1 925
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(275 252)</u>
<b>Department of Transport</b>		
Balance unspent at the beginning of year	(200 000)	(200 000)
Current year receipts	-	-
Conditions met-transferred to revenue	(200 000)	-
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(200 000)</u>
<b>Growth and Development Grant</b>		
Balance unspent at the beginning of year	(100 000)	(100 000)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(100 000)</u>	<u>(100 000)</u>
<b>Corridor Development</b>		
Balance unspent at the beginning of year	(1 195 000)	-
Current year receipts	(12 000 000)	(700 000)
Conditions met-transferred to revenue	12 000 000	-
Adjustment	-	(495 000)
Conditions still to be met – transferred to liabilities	<u>(1 195 000)</u>	<u>(1 195 000)</u>



# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Financial Statements (continued)

	2010 R	2009 R
<b>LED Capacity Building</b>		
Balance unspent at the beginning of year	(138 038)	(138 038)
Current year receipts		-
Conditions met-transferred to revenue		
Adjustment	866	-
Conditions still to be met – transferred to liabilities	<u>137 172</u>	<u>(138 038)</u>
<b>LED Institutional Arrangement</b>		
Balance unspent at the beginning of year	(220 840)	(220 840)
Current year receipts	-	-
Conditions met-transferred to revenue	845	-
Adjustment	220 039	
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(220 840)</u>
<b>LED Opportunity for local SMME's</b>		
Balance unspent at the beginning of year	(322 623)	(322 623)
Current year receipts		
Conditions met-transferred to revenue	769	-
Adjustment	321 854	-
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(322 623)</u>
<b>MSIG</b>		
Balance unspent at the beginning of year	(604 018)	-
Current year receipts	(735 000)	(735 000)
Conditions met-transferred to revenue	1 339 018	130 982
Conditions still to be met – transferred to liabilities	<u>-</u>	<u>(604 018)</u>
<b>Intergovernmental Relations Implementation Grant</b>		
Balance unspent at the beginning of year	-	-
Current year receipts	(500 000)	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(500 000)</u>	<u>-</u>
<b>Support and Development Capacity Grant</b>		
Balance unspent at the beginning of year	-	-
Current year receipts	(600 000)	-
Conditions met-transferred to revenue	81 138	-
Conditions still to be met – transferred to liabilities	<u>(518 862)</u>	<u>-</u>
<b>Expanded Public Works Programme</b>		
Balance unspent at the beginning of year	-	-
Current year receipts	(356 150)	-
Conditions met-transferred to revenue	240 400	-
Conditions still to be met – transferred to liabilities	<u>(115 750)</u>	<u>-</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>Lake Tete</b>		
Balance unspent at the beginning of year	(267 001)	(267 001)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(267 001)</u>	<u>(267 001)</u>
<b>KwaDapha</b>		
Balance unspent at the beginning of year	(578 891)	(578 891)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(578 891)</u>	<u>(578 891)</u>
<b>Vukukhanye Mashaba</b>		
Balance unspent at the beginning of year	46 108	46 108
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>46 108</u>	<u>46 108</u>
<b>Nyezi Community HIV Centre</b>		
Balance unspent at the beginning of year	(303 570)	(303 570)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(303 570)</u>	<u>(303 570)</u>
<b>Mkhombe Tours</b>		
Balance unspent at the beginning of year	(908 690)	(908 690)
Current year receipts	-	-
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(908 690)</u>	<u>(908 690)</u>
<b>Waste Management Grant</b>		
Balance unspent at the beginning of year	(200 000)	-
Current year receipts	-	(200 000)
Conditions met-transferred to revenue	-	-
Conditions still to be met – transferred to liabilities	<u>(200 000)</u>	<u>(200 000)</u>
<b>Grants and subsidies paid</b>		
Grant Expenditure	<u>16 633 384</u>	<u>8 510 037</u>
<b>Government grants and subsidies</b>		
Government grants and subsidies received	<u>184 579 172</u>	<u>248 027 783</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>Government Grants</b>		
Equitable Share	105 880 714	84 569 947
Conditional grant: met & transferred to revenue	-	130 250 842
Other grants: met transferred to revenue	(16 633 384)	33 206 994
	<u>89 247 330</u>	<u>248 027 783</u>
<b>Conditional Grants (MIG)</b>		
Balance unspent at the beginning of year	10 119 608	20 625 386
Current Year receipts	109 347 557	118 369 036
Conditions met – transferred to revenue	(74 816 503)	(107 758 996)
Conditions met – transferred to revenue (operational)	(1 616 288)	-
Other	334 164	(21 115 818)
	<u>43 368 538</u>	<u>10 119 608</u>
<b>Other Grants</b>		
Balance unspent at beginning of year	16 790 292	19 698 952
Prior year adjustment	-	15 633 198
Restated balance unspent at beginning of year	16 790 292	35 332 150
Current year receipts	3 578 150	4 675 012
Conditions met – transferred to revenue	(5 384 687)	(22 491 846)
Other	(406 890)	(725 024)
Balance unspent at end of year	<u>14 576 865</u>	<u>16 790 292</u>
<b>TOTAL CONDITIONAL GRANTS AND OTHER GRANTS</b>		
Balance unspent at beginning of year	26 909 902	40 324 338
Prior year adjustment	-	15 633 198
Balance unspent after adjustment	<u>26 909 902</u>	<u>55 957 536</u>
Current year receipts	112 925 707	123 044 049
LESS: Expenditure	(80 201 190)	(130 250 842)
Conditions met – transferred to revenue	(1 616 288)	-
Other	(72 726)	(21 840 842)
Balance unspent at end of year	<u>57 945 405</u>	<u>26 909 902</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>20. General Expenses</b>		
Accounting fees	252 403	2 487 944
Advertising	2 738 292	2 065 267
Assessment rates & municipal charges	-	421 390
Auditors remuneration	1 861 090	-
Bank charges	328 888	299 749
Cleaning	160 878	171 921
Consulting and professional fees	537 949	227 841
Electricity – schemes & buildings	5 145 093	-
Entertainment	2 874 609	3 297 974
Community development and training	1 312 616	2 317 113
IT Expenses	464 954	198 103
Lease rentals and operating leases	-	1 138 943
Insurance	1 333 039	1 110 493
New connections	254 694	-
Promotions and sponsorships	453 427	386 869
Levies	422 796	7 604
Fuel and oil	1 402 854	2 492 780
Postage and Courier	513	4 979
Printing and stationery	706 696	205 270
Protective clothing	-	79 592
Security ( Guarding municipal property)	1 351 214	1 122 023
Staff welfare	52 240	37 599
Subscriptions and membership fees	221 876	152 069
Telephone and fax	2 579 870	1 127 498
Training	165 614	124 757
Tourism development	534 860	957 732
Development agency	-	649 539
Subsistence & travelling	3 833 680	3 165 621
Disaster management	5 681 016	4 874 052
Small tools	5 562	11 275
Asset Disposal	-	(3 648 479)
Chemicals and diesel	593 176	541 658
Other expenses	3 122 963	2 594 680
	<b>38 392 862</b>	<b>28 623 856</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>21. Employee related costs</b>		
Basic	34 264 889	29 151 258
Bonus	(397 980)	(292 439)
Medical Aid – company contributions	1 521 332	1 192 693
UIF	298 549	261 515
WCA	215 602	-
SDL	404 600	363 003
Other payroll Levies	14 716	18 054
Leave pay provision charge	1 209 564	1 555 641
Other short term costs	-	-
Pension	4 134 095	3 422 485
Travel, motor car, accommodation, subsistence and other allowances	716 647	674 887
Overtime payments	2 371 793	2 466 324
Car allowance	3 688 376	3 345 553
Housing benefits and allowances	458 547	430 149
Development Agency salary costs	-	(555 169)
Termination benefits	638 368	470 376
	<b>49 539 098</b>	<b>42 504 330</b>

### Remuneration of Municipal Manager

Annual remuneration	582 783	556 571
Cell Allowance	26 945	29 394
Housing allowance	15 205	18 315
Travel allowance and claims	46 920	315 154
Subsistence	926	3 794
Back pay	65 417	15 222
Contributions to UIF, medical and pension funds	53 858	26 002
	<b>792 053</b>	<b>964 452</b>

### Remuneration of Chief Financial Officer

Annual remuneration	558 949	506 286
Cell Allowance	9 600	9 600
Performance Bonus	-	-
Housing allowance	-	-
Leave pay	59 617	-
Travel allowance and claims	199 698	161 462
Subsistence	155	3 257
Back pay	30 094	15 499
Contributions to UIF, medical and pension funds	167 656	161 433
	<b>1 025 769</b>	<b>857 537</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>Remuneration of Head of Technical Services</b>		
Annual remuneration	289 322	297 737
Cell Allowance	5 600	13 397
Performance Bonus	-	22 967
Contributions to UIF, medical and pension funds	83 581	62 625
Travel allowance and claims	110 427	158 699
Housing allowance	-	3 000
Subsistence	504	185
Acting allowance	-	154 971
	<b>489 435</b>	<b>713 581</b>
<b>Remuneration of Head of Corporate Services</b>		
Annual remuneration	555 919	510 364
Cell Allowance	9 600	9 600
Travel allowance and claims	26 852	114 990
Contributions to UIF, medical and pension funds	127 883	93 388
Subsistence	121 271	327
Back pay	105	13 179
	<b>841 629</b>	<b>741 848</b>
<b>Remuneration of Head of Planning and Tourism</b>		
Annual remuneration	454 196	407 673
Cell Allowance	12 175	15 957
Leave pay	74 589	-
Housing Allowance	26 400	26 400
Contributions to UIF, medical and pension funds	132 624	101 814
Travel allowance and claims	234 603	195 354
Back pay	30 094	13 179
Acting allowance	105 915	6 843
	<b>1 070 596</b>	<b>767 220</b>
<b>Remuneration of Head of Water and Sanitation</b>		
Annual remuneration	-	110 594
Cell Allowance	-	4 000
Performance Bonus	-	22 119
Contributions to UIF, medical and pension funds	-	25 337
Housing allowance	-	3 435
Travel allowances and claims	-	69 806
Subsistence allowance	-	296
Back pay	-	-
Acting allowance	-	87 458
	-	<b>323 045</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual financial statements (continued)

	2010 R	2009 R
<b>22. Remuneration of Councillors</b>		
Executive Mayor	384 616	351 245
Deputy Mayor, Speaker and Exco members	1 137 853	949 991
Councillors	1 176 177	1 035 429
	<b>2 698 646</b>	<b>2 336 665</b>
<p>The Executive Mayor, Deputy Executive Mayor, Speaker and Executive Committee Members are full time. Each is provided with computer equipment at the cost of the Council.</p> <p>The Executive Mayor has been provided with two offices and three secretarial staff at the cost of the Council. The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has three full time drivers.</p>		
<b>23. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	-	-
Other interest	809 458	2 488 063
	<b>809 458</b>	<b>2 488 063</b>
<b>24. Finance Costs</b>		
Bank	-	-
Other interest paid	2 009 233	3 804 533
	<b>2 009 233</b>	<b>3 804 533</b>
<b>25. Contracted Services</b>		
Other Contractors – Office Equipment	120 249	3 779 473
<b>26. Bulk Purchases</b>		
Electricity	4 148 131	2 978 568
Water	48 079 326	40 595 780
	<b>52 227 457</b>	<b>43 574 348</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>27. Cash generated from operations</b>		
(Deficit)/ Surplus for the year	(18 655 722)	46 857 150
<b>Adjustments for:</b>		
Depreciation and amortization	47 991 900	57 146 678
Assets transferred	-	40 618 068
Interest received	(809 458)	(2 488 063)
Finance costs	2 009 233	3 804 533
Impairment deficit	-	-
Non operating income	-	-
Offsetting depreciation	-	-
Transfer of government grants	-	-
Write off of balances and other corrections	-	-
Other adjustments	-	-
Prior period errors	-	-
<b>Changes in working capital:</b>		
Inventories	220 084	604 455
Other debtors	4 822 084	3 564 373
Consumer debtors	18 690 534	4 457 704
Prepayments	142 278	(142 278)
Trade and other payables	(2 445 972)	9 835 060
VAT - receivable	1 373 159	17 037 579
Unspent conditional grants and receipts	31 035 497	(14 689 679)
Provisions	412 406	1 676 509
	<b>84 786 023</b>	<b>168 282 089</b>

### 28. Commitments

#### Authorised capital expenditure:

Approved and contracted for

Infrastructure	120 225 023	94 098 727
Community	4 770 702	19 200 000
Other	32 009 275	20 923 273
	<b>157 005 000</b>	<b>134 222 000</b>

The commitments will be funded through the utilization of the Municipal Infrastructure Grants (MIG).

#### 28.1 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	3 579	3 579
In second to fifth year inclusive	2 088	5 666
After five years	-	-
<b>Total</b>	<b>5 667</b>	<b>9 245</b>

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of three years and the rentals are fixed for three years. No contingent rent is payable.



# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements ( continued)

	2010 R	2009 R
<b>29. Contingencies</b>		
Litigation claims have been brought against the municipality to the approximate value of R 350,000.		
<b>30. Related parties</b>		
Relationship Municipal Entity - Umhlosinga Development Agency		
Expenses paid on behalf of related party		
Telephone expenses	-	94 370
Salary costs of seconded Chief Operating Officer	603 027	55 169
	<b>603 027</b>	<b>149 539</b>
<b>31. Correction of prior period errors</b>		
The comparatives for 2009/10 have been restated in respect of the following errors ::		
<b>31.1 Errors arising in accounting for unspent grants</b>		
<b>Unspent grants</b> as previously reported	-	<b>(11 276 705)</b>
Reclassification of operational expenditure previously classified as grant expenditure	-	(16 219 449)
Recognition of interest received not previously previously included in unspent grants	-	(26 672)
Recognition of grant revenue in respect of conditions met	-	427 628
Reclassification of water income incorrectly included in unspent grants	-	140 012
Recognition of grant revenue in respect of bank charges on grant accounts not accounted for in the previous years	-	45 282
<b>Restated balance at 30 June 2009</b>	<b>-</b>	<b>(26 909 904)</b>
<b>31.2 Errors arising in the accounting for long term loans</b>		
<b>Long term loans</b> as previously reported	-	<b>(13 063 315)</b>
Accounting for accrued finance charges not capitalized in the previous year	-	(333 014)
Reclassification of installment accrued from trade payables to Long term loans	-	(1 228 998)
<b>Restated balance at 30 June 2009</b>	<b>-</b>	<b>(14 625 327)</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>Correction of prior period errors (continued)</b>		
<b>31.3 Errors arising in the accounting for Trade Payables</b>		
Trade payables as previous reported	-	(60 768 197)
Reclassification of installments accrued from Trade payables to Long term loans	-	1 228 998
Creditors invoices incorrectly captured/omitted in the previous year	-	(2 736 965)
<b>Restated balance at 30 June 2009</b>	<b>-</b>	<b>(62 276 164)</b>
<b>31.4 Errors arising in the accounting for Trade receivables</b>		
Trade receivables as previously reported	-	78 575 012
Correcting for invoices incorrectly raised in the previous year but not adjusted	-	(2 809)
Correcting for adjustments incorrectly processed to debtors in the previous year	-	(267 710)
<b>Restated balance at 30 June 2009</b>	<b>-</b>	<b>78 304 493</b>
<b>31.5 Errors arising in the accounting for Revaluation Surplus</b>		
Revaluation surplus as previously reported	-	(336 836 932)
Reversal of adjustment in respect of deemed cost which should have been credited to accumulated surplus as per Directive 7.	-	345 619 008
Reversal of depreciation adjustment in respect of revalued assets which was credited to accumulated surplus in the previous year	-	(8 782 076)
<b>Restated balance at 30 June 2009</b>	<b>-</b>	<b>-</b>
<b>31.6 Errors in the accounting for finance leases</b>		
Finance lease liabilities as previously reported	-	-
Raising lease liabilities in respect of finance leases previously accounted for as operating leases	-	(5 962 864)
Reclassification of finance lease payments incorrectly classified as operating lease payments	-	3 160 761
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>2 802 103</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>31.7 Errors in accounting for property, plant and equipment</b>		
<b>Property, plant and equipment</b> at cost or as previously reported	-	1 072 703 404
Additions to assets in respect leased assets acquired through finance leases previously accounted for as operating leases	-	5 962 864
Additions in respect of infrastructure that was previously written off accumulated against surplus	-	2 329 616
Additions in respect of furniture and fittings previously written off against accumulated surplus	-	97 691
Adjustment for Depreciation Replacement Costs	-	140 687 846
Adjustment for assets incorrectly accounted for as disposals in 2009	-	3 815 882
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>1 225 597 303</b>
<b>Accumulated depreciation</b> as previously reported		
Depreciation on leased assets previously accounted for as operating leases	-	3 593 375
Depreciation on assets previously written off against accumulated surplus	-	89 270
Adjustment for Accumulated Depreciation Replacement Costs	-	93 791 897
Adjustment for Depreciation on Depreciation Replacement costs for the year ending 30 June 2009	-	46 895 949
Depreciation on assets incorrectly accounted for as disposals in 2009	-	268 161
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>177 892 009</b>
<b>31.8 Errors arising in accounting for VAT</b>		
<b>VAT liability</b> previously reported as at 30 June 2009	-	(1 721 777)
Corrections in respect of debtors invoices not accounted in the prior year – VAT portion	-	(290 362)
Corrections in respect of creditors invoices incorrectly raised/omitted – VAT portion	-	3 631 761
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>1 619 622</b>
<b>31.9 Errors in accounting for deposits</b>		
<b>Deposits</b> as previously reported as at 30 June 2009	-	563 508
Corrections in respect of deposits previously included in Revenue	-	42 341
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>605 849</b>
<b>31.10 Errors in accounting for cash and cash equivalents</b>		
<b>Cash and cash equivalents</b> as previously reported	-	13 576 898
Corrections in respect of bank charges and interest not accounted for in the previous year	-	7930
Reclassification of investments previously included in cash and cash equivalents	-	(89 508)
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>13 495 320</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

Registration number DC27

## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>31.11 Errors in accounting for investments</b>		
<b>Investments</b> balance as previously reported	-	-
Correction for funds invested that were included in cash and cash equivalents in the previous year	-	89 508
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>89 508</b>
<b>31.12 Errors in Accumulated Surplus</b>		
<b>Accumulated Surplus</b> as previously reported	-	655 500 150
<b>Adjustments made for:</b>		
Trade and Other payables	-	(3 572 095)
VAT payable	-	3 338 399
Finance lease liability	-	(2 802 100)
Revaluation reserve	-	336 836 932
Other receivables	-	426 658
Consumer debtors	-	2 094 855
Unspent grants	-	(15 633 198)
Property plant and equipment - Cost	-	154 005 335
Property plant and equipment – Accumulated Depreciation	-	(145 750 093)
Cash and cash equivalents	-	(81 573)
Deposits	-	(42 341)
Long term liabilities	-	(1 562 011)
Investments	-	89 504
<b>Restated balance as at 30 June 2009</b>	<b>-</b>	<b>982 848 420</b>
<b>31.13 Restatement of the Surplus for the year</b>		
<b>Surplus for the year</b> as previously reported	-	86 226 738
<b>Adjustments made for:</b>		
Service charges	-	1 762 155
Government grants revenue	-	(13 142 385)
Depreciation	-	(48 372 900)
Impairment loss	-	16 578 720
Finance costs	-	(1 251 112)
Repairs and maintenance	-	1 665 391
Bulk purchases	-	(241 876)
Contracted services	-	(97 064)
Grant expenditure	-	(452 933)
Computer expenses	-	92 363
Lease rentals	-	1 245 413
Fleet expenses	-	(7 505)
Security	-	(83 137)
Subsistence and travel	-	(20 338)
Chemicals	-	(41 078)
Assets expensed	-	240 785
General expenses	-	(892 565)
Asset disposals reversed	-	3 648 479
<b>Surplus for the year as restated</b>	<b>-</b>	<b>45 857 150</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>32. Subsequent events</b>		
There have been no significant that have occurred after balance sheet date.		
<b>33. Risk Management</b>		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The Municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.		
Trade receivables comprise a widespread customer base.		
Financial assets exposed to credit risk at year end were as follows:		
FNB Bank	6 924 725	
Absa Bank	19 312 808	
Ithala Bank	40 913	
Trade and other payables	7 825 360	
These balances represent maximum exposure to credit risk.		
<b>34. Additional disclosures in terms of the Municipal Finance Management Act</b>		
<b>Audit fees</b>		
Current year subscription/fee	1 861 090	2 017 061
Amount paid – current year	870 907	(2017 061)
	<u>990 183</u>	<u>-</u>
<b>PAYE and UIF</b>		
Current year payroll deductions	6 565 756	5 968 083
Amount paid – current year	(6 656 756)	(5 968 083)
	<u>-</u>	<u>-</u>
<b>Pension and Medical Aid Deductions</b>		
Current year payroll deductions	9 570 189	7 433 272
Amount paid – current year	(9 570 189)	(7 433 272)
	<u>-</u>	<u>-</u>
<b>VAT</b>		
VAT Receivable	246 463	1 619 622
	<u>246 463</u>	<u>1 619 622</u>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### Notes to the Annual Financial Statements (continued)

	2010 R	2009 R
<b>35. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>35.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	55 468 471	-
Unauthorised expenditure - current year	49 214 766	55 468 471
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	<b>104 683 237</b>	<b>55 468 471</b>
<b>Incident:</b>		
Unauthorised expenditure was incurred as a result of over expenditure on the approved budget.		
<b>35.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	206 944	-
Fruitless and wasteful expenditure - current year	743 202	206 944
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Fruitless and wasteful expenditure awaiting condonement	<b>950 146</b>	<b>206 944</b>
<b>Incidents:</b>		
<b>Opening Balance</b>	<b>206 944</b>	-
Arrear interest incurred on the DBSA loan as a result of non-payment or late payment of the loan installments.	498 062	-
Lease charges incurred on office equipment that was no longer in use.	116 670	106 944
Payment for accommodation for Kwanaloga games during the 2008/9 financial, whereas the accommodation was not used.	-	100 000
Interest paid to Suppliers as a result of non or late payment of supplier Invoices.	128 470	-
<b>Balance as at 30 June 2010</b>	<b>950 146</b>	<b>206 944</b>
<b>35.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	34 016 666	-
Irregular expenditure - current year	-	34 016 666
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement	<b>34 016 666</b>	<b>34 016 666</b>
<b>Incidents:</b>		
<b>Opening balance</b>	<b>34 016 666</b>	-
Expenditure incurred as a result of contracts not being signed, during the 2008/9 financial year.	-	33 270 753
Expenditure incurred on Consultants fees for compiling the annual report, without Council approval, and the tender process not being followed.	-	745 913
<b>Balance as 30 June 2010</b>	<b>34 016 666</b>	<b>34 016 666</b>

# UMKHANYAKUDE DISTRICT MUNICIPALITY

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## Annual Financial Statements for the year ended 30 June 2010

### 36. Comparison with the budget

The comparison of the Municipality's actual financial performance with that budgeted is set out in below

Description	Original Budget	Budget Adjustment	Final	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of final budget	Actual Outcome as a % of original budget
<b>Financial Performance</b>								
Property Rates				744 448		(744 448)	-100	-100
Service Charges	45 393 241	42 439 555	42 439 555	31 614 377		10 825 178	74	70
Investment Revenue	658 750	1 339 472	1 339 472	809 458		503 014	60	123
Transfers recognize-operational	108 174 927	147 424 927	147 424 927	187 364 030		(39 939 103)	127	173
Other own revenue	267 024	1 285 048	1 285 048	703 444		581 604	55	263
<b>Total revenue (Exclude capital transfer &amp; contribution)</b>	<b>154 493 942</b>	<b>192 489 002</b>	<b>192 489 002</b>	<b>221,235,757</b>		<b>(28 746 755)</b>		
Employee costs	58 732 035	57 202 605	57 202 605	49 539 098		7 663 507	87	84
Remuneration for councilors	4 758 650	2 428 090	2 428 090	2 698 646		(270 556)	111	57
Debt impairment	5 000 000	5 480 782	5 480 782	37 098 827		(31 618 045)	677	742
Depreciation & Asset impairment	1 000 000	3 857 812	3 857 812	47 991 900		(44 134 088)	1,244	4,799
Finance Charges	2 865 201	3 050 468	3 050 468	2 009 233		1 041 235	64	68
Material & Bulk purchases	19 393 290	39 657 190	39 657 190	52 227 457		(12 570 267)	132	269
Transfers & grants		1 175 223	1 175 223	4 676 655		(3 501 432)	398	
Other expenditure	59 088 797	77 824 543	77 824 543	43 649 663		34174 880	56	74
	<b>150 837 973</b>	<b>190 676 713</b>	<b>190 676 713</b>	<b>239 891 480</b>		<b>(49 214 766)</b>		
<b>Surplus/(Deficit)</b>	<b>3 655 969</b>	<b>1 812 289</b>	<b>1 812 289</b>	<b>(18 655 722)</b>				
Transfer recognized-capital	3 600 000	1 812 289	1 812 289					
Contribution recognized-capital & contributed assets								
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>55 969</b>	<b>-</b>	<b>-</b>					

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
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**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

<b>External loans</b>	<b>Loan Number</b>	<b>Interest Rate</b>	<b>Redeemable</b>	<b>Balance as at 30/06/2009</b>	<b>Redeemed/ written off during the period</b>	<b>Interest</b>	<b>Balance as at 30/06/2010</b>
<b><u>Long term loans</u></b>							
DBSA Loan	100958	10.924%	31/03/2025	13,559,449	2,243,521	1,113,627	12,429,555
				<b>13,559,449</b>	<b>2,243,521</b>	<b>1,113,627</b>	<b>12,429,555</b>
<b><u>Government Loans</u></b>							
DBSA Loan	12381	13.35%	31/12/2009	1,815,716	1,714,983	65,177	165,910
				<b>1,815,716</b>	<b>1,714,983</b>	<b>65,177</b>	<b>165,910</b>
<b>TOTAL EXTERNAL LOANS - DC27</b>				<b>15,375,165</b>	<b>3,958,504</b>	<b>1,178,804</b>	<b>12,595,465</b>



**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
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**APPENDIX B**  
**ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

New Statutory Name	New Category Name	Sum of OPENING BALANCE	Sum of ADDITIONS 2009/10	Disposals - end of lease contract for finance lease assets	Work in Progress	Sum of CLOSING BALANCE	Sum of OPENING DEPRECIATION	Sum of DEPRECIATION 2009/10	Disposal-end of lease contract	Sum of ACCUMULATED DEPRECIATION	Sum of NBV 2010
Community Assets	Airports	8,415,000	-	-	-	8,415,000	765,000	50,721	-	8,452,721	7,599,279
	Community Centres	2,501,939	-	-	-	2,501,939	246,443	83,398	-	329,841	2,172,098
	Public Conveniences	2,1062	-	-	-	2,1062	5,324	702	-	6,026	15,036
	Security Measures	10,000	-	-	-	10,000	10,000	-	-	10,000	-
	Indoor Sport Facilities	24,609	-	-	-	24,609	407	820	-	1,227	23,382
	Outdoor Sport Facilities	1,289,334	-	-	-	1,289,334	21312	42,978	-	64,290	1,225,044
<b>Community Assets Total</b>		<b>12,261,944</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,261,944</b>	<b>1,048,486</b>	<b>178,620</b>	<b>-</b>	<b>1,227,105</b>	<b>11,034,839</b>
Infrastructure	Electricity Supply	2,244,394	-	-	-	2,244,394	570,450	112,092	-	682,542	1,561,852
	Purification Works	94,608,669	-	-	-	94,608,669	23,409,755	6,459,723	-	29,869,478	64,739,191
	Sewerage Pumps	372,600	-	-	-	372,600	175,949	24,814	-	200,764	171,836
	Street Lighting	28,520	-	-	-	28,520	5,799	1,139	-	6,938	2,1581
	Water Reservoirs And Tanks	605,741,054	-	-	-	605,741,054	61,567,014	17,067,302	-	78,634,317	527,106,738
	Water Supply and Reticulation	46,134,855	-	-	76,379,556	537,723,411	71,897,759	20,674,502	-	92,572,262	445,151,149
<b>Infrastructure Total</b>		<b>1,164,339,092</b>	<b>-</b>	<b>-</b>	<b>76,379,556</b>	<b>1,240,718,647</b>	<b>157,626,727</b>	<b>44,339,573</b>	<b>-</b>	<b>201,966,300</b>	<b>1,038,752,347</b>
Land and Buildings	Land	9,000	-	-	-	9,000	-	-	-	-	9,000
	Office Buildings	24,032,800	-	-	-	24,032,800	1,962,800	543,131	-	2,505,931	21,526,869
<b>Land and Buildings Total</b>		<b>24,041,800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,041,800</b>	<b>1,962,800</b>	<b>543,131</b>	<b>-</b>	<b>2,505,931</b>	<b>21,535,869</b>
Other Assets	Air Conditioners	332,607	-	-	-	332,607	186,063	35,209	-	221,272	111,334
	Bins & Containers	440	-	-	-	440	374	31	-	404	36
	Cabinets & Cupboards	735,937	11,650	-	-	747,587	494,161	83,765	-	577,927	169,661
	Car Ports	-	-	-	-	-	-	-	-	-	-
	Chairs	853,480	-	-	-	853,480	493,517	90,464	-	583,980	269,500
	Compressors	41,500	-	-	-	41,500	19,000	3,736	-	22,736	18,764
	Computer Hardware	3,378,767	305,132	-	-	3,683,899	2,208,268	377,589	-	2,585,857	1,098,042
	Computer Software	614,787	42,656	-	-	657,442	590,285	23,747	-	614,032	43,410
	Fire Equipment	22,395	-	-	-	22,395	5,830	1,493	-	7,323	15,072
	Furniture and Fittings	286,631	-	-	-	286,631	186,409	29,116	-	2,15,526	71,105
	Motor Vehicles	675,115	6,136	-	-	681,251	537,863	73,531	-	611,394	69,857
	Non Assets	-	-	-	-	-	-	-	-	-	-
	Office Machines	1,374,303	48,350	-	-	1,422,653	1,024,196	144,416	-	1,168,612	254,041
	Radio Equipment	34,208	-	-	-	34,208	28,967	1,422	-	30,389	3,819
	Tables and Desks	703,818	-	-	-	703,818	406,401	68,969	-	475,370	228,448
	Telecommunication	20,422	-	-	-	20,422	15,779	3,558	-	19,338	1,084
	Tractors	1,069,873	-	-	-	1,069,873	631,244	137,881	-	769,125	300,748
	Plant Equipment	626,246	-	-	-	626,246	451,148	37,937	-	489,085	137,161
	Trucks & Bakkies	8,211,990	167,902	-	-	8,379,892	6,381,116	921,347	-	7,302,463	1,077,429
<b>Other Assets Total</b>		<b>18,982,520</b>	<b>581,825</b>	<b>-</b>	<b>-</b>	<b>19,564,345</b>	<b>13,660,622</b>	<b>2,034,213</b>	<b>-</b>	<b>15,694,835</b>	<b>3,869,510</b>
Finance lease assets-other	Office machines	715,744	-	-	-	715,744	195,576	197,191	-	392,767	322,977
	Telecommunication	493,910	-	-	-	493,910	109,156	164,637	-	273,793	220,117
	Motor vehicles	96,844	-	-	-	96,844	65,512	23,319	-	88,831	8,013
	Trucks and bakkies	3,712,829	-	-1,111,439	-	2,601,390	2,279,594	679,119	-1,111,439	1,847,274	754,116
<b>Finance lease total</b>		<b>5,019,327</b>	<b>-</b>	<b>-1,111,439</b>	<b>-</b>	<b>3,907,888</b>	<b>2,649,838</b>	<b>1,064,266</b>	<b>-1,111,439</b>	<b>2,602,665</b>	<b>1,305,223</b>
Prior period unexplained error		9,084	-	-	-	9,084	-	-	-	-	9,084
<b>Grand Total</b>		<b>1,224,653,766</b>	<b>581,825</b>	<b>-1,111,439</b>	<b>76,379,556</b>	<b>1,300,503,708</b>	<b>176,948,473</b>	<b>48,159,802</b>	<b>-1,111,439</b>	<b>223,996,836</b>	<b>1,076,506,872</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
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**APPENDIX C**

**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

Category	Cost			Accumulated Depreciation			NBV	
	Opening balance	Additions 09/10	Work in Progress	Closing Balance	Opening balance	Depreciation 09/10	Closing Balance	NBV 2010
Airport	8,415,000	-	-	8,415,000	765,000	50,721	815,721	7,599,279
Municipal Manager	25,868,767	-	-	25,868,767	3,499,304	659,960	4,159,264	21,709,503
Board General	365,071	55,087	-	420,158	198,894	39,209	238,103	182,055
Community	1,369,945	54,316	-	1,424,261	26,377	59,989	86,366	1,337,895
Corporate Services	10,456,441	172,419	-	10,628,860	5,149,228	1,420,867	6,570,095	4,058,765
Financial Services	3,666,427	29,342	-	3,695,769	2,793,441	349,605	3,143,046	552,723
Planning & Tourism	730,188	30,364	-	760,552	557,865	69,011	626,876	133,676
Technical Services	766,624	46,317	-	812,941	457,738	93,906	551,644	261,297
Development Agency	100,313	-	-	100,313	40,623	16,296	56,919	43,394
Sanitation	46,784,231	-	-	46,784,231	14,704,672	4,069,135	18,773,807	28,010,424
Water	1,127,065,212	26,079	76,379,556	1,203,470,847	149,698,867	41,163,201	190,862,068	1,012,608,779
Prior period unexplained error	9,084	-	-	9,084	-	-	-	9,084
<b>Total</b>	<b>1,225,597,303</b>	<b>413,923</b>	<b>76,379,556</b>	<b>1,302,390,782</b>	<b>177,892,010</b>	<b>47,991,900</b>	<b>225,883,910</b>	<b>1,076,506,872</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
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**APPENDIX D**

**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

<b>2009 Actual Income</b>	<b>2009 Actual Expenditure</b>	<b>2009 Surplus/(Deficit)</b>		<b>2010 Actual Income</b>	<b>2010 Actual Expenditure</b>	<b>2010 Surplus/(Deficit)</b>
R	R	R		R	R	R
207,213,072	33,782,472	173,430,600	Board and General	105,928,171	18,100,985	87,827,186
	10,443,739	(10,443,739)	Corporate services	550,949	13,631,890	(13,080,941)
22,046,649	10,016,637	12,030,012	Technical Services	77,606,268	6,867,674	70,738,594
332,359	6,925,474	(6,593,115)	Social Economic Development	2,794,369	6,611,523	(3,817,153)
6,274,899	49,395,668	(43,120,768)	Financial Services	3,455,141	63,735,957	(60,280,816)
43,904,853	111,400,130	(67,495,277)	Water Services	30,625,606	116,951,032	(86,325,426)
382,602	11,333,164	(10,950,562)	Community Services	275,252	13,992,418	(13,717,166)
<b>280,154,434</b>	<b>233,297,283</b>	<b>46,857,150</b>	<b>TOTAL</b>	<b>221,235,757</b>	<b>239,891,479</b>	<b>(18,655,722)</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
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**APPENDIX E**  
**GRANT FUNDING - 30 JUNE 2010**

DESCRIPTION	Balance as at @ 30 JUNE 2009	Contribution during the year	Transfers in	Transfers out	Transferred adjustment	Operating Expenditure during the year	Capital Expenditure during the year	Closing Balance
PIMMS/ NDT Operatio	(300)	-	-	-	-	-	-	(300)
FMG	-	(750,000)	-	-	-	472,813	-	(277,187)
MAP GRANT	-	-	-	-	-	-	-	-
Capacity Building: As	(784,000)	-	-	-	-	-	-	(784,000)
Development Agency	(621,456)	-	-	-	-	-	-	(621,456)
IDP Grant	(47,458)	-	-	-	-	47,458	-	-
Shared Services Gran	(2,843,311)	(637,000)	-	-	-	1,203,406	-	(2,276,905)
Debt Collection Gran	(2,452,372)	-	-	-	-	1,133,846	-	(1,318,526)
Umnqobokazi Sportfi	-	-	(272,175)	-	-	13,931	-	(258,244)
Qongwana Sportfield	(180,900)	-	-	-	-	180,900	-	-
Kwazibi National Lot	(166,667)	-	-	-	-	-	-	(166,667)
Mqobela National Lo	(166,666)	-	-	-	-	-	-	(166,666)
Mabibi National Lott	(166,667)	-	-	-	-	-	-	(166,667)
Mtuba Water Conser	(718,356)	-	-	-	-	194,046	-	(524,310)
Kwazibi Water Purific	(915,000)	-	-	-	-	-	-	(915,000)
KwaJobe-Cezwana W	(787,880)	-	-	-	-	-	-	(787,880)
KwaJobe-Nongowoza	(915,000)	-	-	-	-	-	-	(915,000)
Bazaneni River Wate	(756,400)	-	-	-	-	-	-	(756,400)
Disaster Managemen	(275,252)	-	-	-	-	275,252	-	-
Department of Trans	(200,000)	-	-	-	-	200,000	-	0
Growth and Develop	(100,000)	-	-	-	-	-	-	(100,000)
Corridor Developme	(1,195,000)	-	(12,000,000)	12,000,000	-	-	-	(1,195,000)
LED Capacity Building	(138,038)	-	-	137,172	-	866	-	-
Opportunities for Loc	(322,623)	-	-	321,854	-	769	-	-
LED Institutional Arra	(220,884)	-	-	220,039	-	845	-	-
MSIG Grant	(604,018)	(735,000)	-	-	-	1,339,018	-	-
Intergovernmental R	-	(500,000)	-	-	-	-	-	(500,000)
Support & Developm	-	(600,000)	-	-	-	81,138	-	(518,862)
Expanded Public Wor	-	(356,150)	-	-	-	240,400	-	(115,750)
Lake Tete	(267,001)	-	-	-	-	-	-	(267,001)
Kwadapha	(578,891)	-	-	-	-	-	-	(578,891)
Vukukhanye Mashab	46,108	-	-	-	-	-	-	46,108
Nyezi Community HIV	(303,570)	-	-	-	-	-	-	(303,570)
Umkhombe Tours	(908,690)	-	-	-	-	-	-	(908,690)
Waste Management	(200,000)	-	-	-	-	-	-	(200,000)
	<b>(16,790,292)</b>	<b>(3,578,150)</b>	<b>(12,272,175)</b>	<b>12,679,065</b>	<b>-</b>	<b>5,384,687</b>	<b>-</b>	<b>(14,576,865)</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
Registration number DC27  
**Annual Financial Statements for the year ended 30 June 2010**

**APPENDIX E (CONTINUED)**

**GRANT FUNDING - 30 JUNE 2010**

DESCRIPTION	Balance as at @ 30 JUNE 2009	Contribution during the year	Transfers in	Transfers out	Transferred adjustment	Operating Expenditure during the year	Capital Expenditure during the year	Closing Balance
Enkanyezini water	26,892	-12,093,259	-	-	3,000	-	10,642,662	-1,420,705
Esihlangwini water	32,636	-410,775	-	-	-	-	360,329	-17,810
Ezibayeni Sanitation	534,167	-	-	-	-	-	-	534,167
Jozini Water Treatment	227,270	-	-	-	-	-	-	227,270
Mabhokisini Water	157,798	-	-	-	-	-	-	157,798
KwaNgwanase Water	-226,691	-20,482,664	-	-	-	-	18,168,481	-2,540,874
Mtuba Sportfield	5,019	-5,778,663	-	-	-5,019	-	5,069,002	-709,660
Mtuba Water Upgrade	-13,197	-	-	-	-	-	-	-13,197
Ntshongwe Malobeni Water	490,431	-1,281,313	-	-	-	-	1,123,959	333,077
Othobothini Water	-139,643	-4,458,010	-	-	-	-	3,771,746	-825,907
Phelandaba Sanitation phase 2	0	-11,264,709	-	-	-	-	9,881,324	-1,383,385
Phelandaba Water	69,791	-548,826	-	-	-	-	481,426	2,391
Phumlani Storm Water	-	-1,133,958	-	-	-	-	1,025,162	-108,796
Shemula Sanitation	-6,330	-9,962,815	-	-	-	-	8,739,312	-1,229,834
Mpophomeni Water Supply Phase 2	334,164	-8,581,289	-	-	-	-	7,877,161	-369,964
Hluhluwe Phase 3	8,408	-2,954,256	-	-	-	-	2,540,753	-405,095
Ezibayeni Water Spply Phase 2	41,677	-2,590,599	-	-	-5,019	-	2,293,693	-260,249
Makhasa Sport Complex	-55,264	-3,239,302	-	-	-	-	2,841,493	-453,074
Mtuba ward 2 comm hall	-	-175,781	-	-	-	-	-	-175,781
	<b>1,487,126</b>	<b>-84,956,219</b>	-	-	<b>-7,038</b>	-	<b>74,816,503</b>	<b>-8,659,628</b>
PMU FEES	-	-1,616,288	-	-	-	1,616,288	-	-
MIG Reserve	-11,606,736	-22,775,049	-	-327,126	-	-	-	-34,708,911
	<b>-10,119,610</b>	<b>-109,347,557</b>	-	<b>-327,126</b>	<b>-7,038</b>	<b>1,616,288</b>	<b>74,816,503</b>	<b>-43,368,539</b>
	<b>-26,909,902</b>	<b>-112,925,707</b>	<b>-12,272,175</b>	<b>12,351,939</b>	<b>-7,038</b>	<b>7,000,976</b>	<b>74,816,503</b>	<b>-57,945,404</b>