

**UMZINYATHI UMASIPALA WESIFUNDA  
UMZINYATHI DISTRICT MUNICIPALITY**



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING 30 JUNE 2011**

**UMZINYATHI DISTRICT MUNICIPALITY**

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2011**

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**UMZINYATHI DISTRICT MUNICIPALITY**

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2011**

**GENERAL INFORMATION**

Speaker	Clr. B.S. Chambule
His Worship The Mayor	Cllr. J.M. Mthethwa
Deputy Mayor	Cllr. F.S. Mkhize
Exco Members	Cllr. L.D. Ngubane Cllr. M.I. Sithole Cllr. M.S. Yengwa
Council Members	Cllr. N.C. Khanyile Cllr. I. Bedassi Cllr. N.P. Zulu Cllr. X.S. Xaba Cllr. P.M. Ngobese Cllr. T. Mahaye Cllr. J. Mfeka Cllr. A.M. Shaik Cllr. V.B. Ntombela Cllr. I.T. Nhlebela Cllr. F.J. Skhakhane Cllr. B.P. Ngcobo Cllr. E.N. Molefe Cllr. M. Mnguni Cllr. M. Mkhwanazi Cllr. B.N. Zondi Cllr. L.G. Mabaso Cllr. R.N. Ngubane

**Grading of Municipality**

Grade 3 (in terms of Government Notice R1224 dated 1 December 2006)

**Auditors**

The Auditor-General  
Private Bag X9034  
PIETERMARITZBURG  
3200

**UMZINYATHI DISTRICT MUNICIPALITY**

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2011**

**GENERAL INFORMATION** (continued)

**Bankers**

ABSA Bank Limited, Current Account, Dundee (Operating account)

**Registered office**

Princess Magogo Building  
39 Victoria Street  
DUNDEE  
3000

P O Box 1965  
DUNDEE  
3000

Tel: (034) 219 1500

Fax: (034) 218 1940

E-mail: [registry@umzinyathi.gov.za](mailto:registry@umzinyathi.gov.za)

**Municipal Manager**

Sipho N Dubazana  
BA Hons, MBA

**Chief Financial Officer**

Bongani B. Mdletshe  
FIAC , SAIPA, LIMFO

**UMZINYATHI DISTRICT MUNICIPALITY**

**REPORT OF THE AUDITOR-GENERAL**

**30 JUNE 2011**

The report of the Auditor-General will be inserted after the audit.

**STATEMENT OF THE MUNICIPAL MANAGERS RESPONSIBILITY**

**UMZINYATHI DISTRICT MUNICIPALITY  
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS  
FOR THE PERIOD ENDING  
30 JUNE 2011**

The Umzinyathi District Municipality is situated 41 Victoria Street, Dundee is a category C Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

I am responsible for the preparation of these financial statements, which are set out on page 1 to 55 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed on note 08 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of the Public Office Bearers and the Minister of Provincial and Local Government's determination in accordance with this act.

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**Mr S.N. Dubazana**  
**Municipal Manager**

**30 AUGUST 2011**  
**Date**

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**UMZINYATHI DISTRICT MUNICIPALITY**  
**ACCOUNTING POLICIES**  
**FOR THE YEAR ENDED 30 JUNE 2011**

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

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

Accounting policies for material transaction, 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 the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

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

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



## 1.2 PRESENTATION CURRENCY

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

## 1.3 GOING CONCERN ASSUMPTION

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

## 1.4 EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

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

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

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

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

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

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**UMZINYATHI DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES  
for the year ended 30 June 2011**

### 2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

### 2.3 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

### 2.4 DEPRECIATION AND IMPAIRMENT

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

	<u>Years</u>	<u>Other</u>	<u>Years</u>
<b>Infrastructure</b>			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-80	Other vehicles	5
Water	15-100	Office equipment	3-7
Sewerage	15-60	Furniture and fittings	7-10
		Watercraft	15
<b>Community</b>			
Buildings	30	Bins and containers	5
Recreational Facilities	20-30	Specialised plant and equipment	10-15
Security	5	Other items of plant and equipment	2-5
		Landfill sites	15

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

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

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

### 2.5 DERECOGNITION

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

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## UMZINYATHI DISTRICT MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2011

### 3 INTANGIBLE ASSETS

#### 3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

### **3.2 SUBSEQUENT MEASUREMENT - COST MODEL**

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

### **3.3 AMORTISATION AND IMPAIRMENT**

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

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

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

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118..

### **3.4 DERECOGNITION**

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

## **4 FINANCIAL INSTRUMENTS**

### **4.1. INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **4.2. SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

### **4.3. INVESTMENTS**

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

### **4.4. UTHUKELA WATER INVESTMENT**

Investment at Uthukela Water Pty Ltd has been calculated on equity method using the annual financial statements of Uthukela Water based on shareholding percentage.

### **4.5. TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **4.6. FINANCIAL LIABILITIES: ACCOUNTS PAYABLE**

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

#### **4.7. CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

#### **4.9. INVESTMENT IN JOINT VENTURE**

An investment in a joint venture is carried at costs less any accumulated impairment.

The municipality's share of profit or loss, resulting from operations of the joint venture, is recognised on accrual basis and is capitalised to the costs of investment.

### **5 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance and in line with Section 176 (2) of the Municipal Finance Management Act (Act No.56 of 2003)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance and in line with Section 176 (2) of the Municipal Finance Management Act (Act No.56 of 2003) where applicable.

#### **7 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance and in line with Section 176 (2) of the Municipal Finance Management Act (Act No.56 of 2003) where applicable.

#### **8 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: (a)

The municipality 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

(b) The municipality 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.

#### **9 TRANSLATION OF FOREIGN CURRENCY**

The transaction in the foreign currency are initially recorded at the prevailing exchange rate on the dates of the transaction. Monetary assets and liabilities in such foreign transaction are translated at the rates prevailing at the reporting date.

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**UMZINYATHI DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES  
for the year ended 30 June 2011**

#### **10 COMPARATIVE INFORMATION**

##### **Current Year Comparatives**

Budgeted amount have been included in an annexure to these financial statements for current financial year only.

##### **Prior Year Comparatives**

When presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are restated. The nature and reason for the reclassification is disclosed. When there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative is restated accordingly.

## **11 LONG SERVICE AWARD**

Provision for the long service awards represents the present value of the estimated future cash outflows to be made by the municipality resulting from employee service providing up to Statement of Financial Position date. The provision comprise amounts that the municipality has present obligation to pay resulting from employees services provided up to Statetement of Finanincial Position date.

## **12 REVENUE**

### **12.1. GRANTS, TRANSFERS AND DONATIONS**

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

## **13 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **14 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

The funds are actuarially valued every three years using the discounted cash flow method. Any deficits identified by the actuary are recovered from participating municipalities in the form of surcharges added to the contributions which are recognised as an expense in the statement of Financial Performance in the year that they become payable.

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## **UMZINYATHI DISTRICT MUNICIPALITY**

### **ACCOUNTING POLICIES**

**for the year ended 30 June 2011**

## **15 OTHER POST RETIREMENT BENEFITS**

The municipality provides post-retirement health care benefits to their retirees. The entitlement of these benefits is usually conditional on the employees remaining in service up to retirement age and the completion of the minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting methodology similar to that used for defined pension benefit plans. Actuarial gains and losses arising from experience adjustment, and changes in actuarial assumption, are charged or credited to revenue over the expected average remaining lives of the relevent employees to the extent which they exceed the 10% corridor.

## 16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service 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.

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

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

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

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

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

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### UMZINYATHI DISTRICT MUNICIPALITY ACCOUNTING POLICIES for the year ended 30 June 2011

## 17 RESERVES

### 17.1. Capital Replacement Reserve (CRR)

In order to Finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from accumulated surplus to the CRR. A corresponding amount is transferred to a designated CRR bank account or investment account. The cash in the designated CRR bank account can only be utilised to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus/(deficit) is credited by a corresponding amount when the amount in the CRR are utilised.



The amount transferred to CRR is based on the municipality's needs to finance future capital projects included in the Intergrated Development Plan.

CRR is included in Accumulated Surplus in the Statement of Financial Position . In the Prior year it was separately disclosed.

#### **17.2. Government Grant Reserve**

When items of property, plant and equipment are financed from government grants, a transfer is be made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit)

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

#### **17.3. Capitalisation Reserve**

On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

#### **17.4. Donations and Public Contributions Reserve**

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

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**UMZINYATHI DISTRICT MUNICIPALITY  
ACCOUNTING POLICIES  
for the year ended 30 June 2011**

#### **18 TRANSITIONAL PROVISIONS**

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board,

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



UMZINYATHI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT POSITION AT 30 JUNE 2011

	Note	2011 R	2010 R
<b>ASSETS</b>			
<b>NON- CURRENT ASSETS</b>			
Property, Plant and Equipment	4	22 496 632	24 306 095
Investments	5	8 831 589	27 600 281
Uthukela Water Investment	2	857 820 771	877 687 397
		<u>889 148 993</u>	<u>929 593 773</u>
<b>CURRENT ASSETS</b>			
Debtors	6	165 707	1 113 768
Vat	6	6 065 538	6 943 952
Other Debtors	6	0	0
Call Investment Deposits	5	36 664 300	54 130 033
Bank Balance and Cash	16	11 441 361	8 443 491
		<u>54 336 906</u>	<u>70 631 244</u>
<b>TOTAL ASSETS</b>		<u><u>943 485 898</u></u>	<u><u>1 000 225 017</u></u>
<b>EQUITY AND LIABILITIES</b>			
Accumulated Surplus/ (Deficit)	1	796 010 094	877 028 620
Revaluation Reserve	3	5 800 000	5 800 000
<b>TOTAL EQUITY</b>		<u>801 810 094</u>	<u>882 828 620</u>
<b>NON CURRENT LIABILITIES</b>			
Post Retirement Benefit	18	12 565 797	8 867 012
		<u>12 565 797</u>	<u>8 867 012</u>
<b>CURRENT LIABILITIES</b>			
Unspent Conditional Grant and Receipts	31	51 480 410	70 464 064
Creditors	7	77 629 596	38 065 321
		<u>129 110 007</u>	<u>108 529 385</u>
<b>TOTAL LIABILITIES</b>		<u>141 675 804</u>	<u>117 396 397</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>943 485 898</u></u>	<u><u>1 000 225 017</u></u>
		0.00	

**UMZINYATHI DISTRICT MUNICIPALITY**

**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**

**FOR THE PERIOD ENDING 30 JUNE 2011**

	Note	Actual 2011 R	Actual 2010 R
<b>REVENUE</b>			
Rental of Facilities and equipment		237 287	291 797
Interest Earned - External Investment	10	5 741 698	8 339 828
Interest Earned - Outstanding Debtors		0	0
Government and Provincial grants and subsidies	17	268 526 971	251 918 677
Other		403 506	155 333
Proceeds on Sale of Assets		0	347 500
Public Contribution and Donations		0	0
Gains on Disposal of Property, Plant and Equipment			
<b>TOTAL REVENUE</b>		<b>274 909 462</b>	<b>261 053 134</b>
<b>EXPENDITURE</b>			
Employee Related Costs	8	22 722 496	18 226 543
Remuneration of Councillors	8	2 085 872	2 008 128
Depreciation		3 660 773	4 669 826
Post Retirement benefit	18	3 703 476	8 867 012
General expenses	22	46 201 009	40 132 260
Agency fees	23	93 846 105	71 955 507
Repairs and maintenance		5 694 355	4 764 698
Interest Paid	10	0	273 612
Grant Expenditure	24	158 147 276	178 643 170
Loss on Disposal of Property, Plant and Equipment			
<b>Total Expenditure</b>		<b>336 061 361</b>	<b>329 540 756</b>
<b>(DEFICIT)</b>		<b>(61 151 899)</b>	<b>(68 487 622)</b>
Interest in Joint Venture		-19 866 625	<b>-10 252 789</b>
<b>(DEFICIT) FOR THE YEAR</b>		<b>(81 018 524)</b>	<b>(78 740 411)</b>

UMZINYATHI DISTRICT MUNICIPALITY

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDING 30 JUNE 2011

	Pre-GRAP GAMAP Accum Funds	Pre-GRAP GAMAP Reserves	Pre-GRAP GAMAP External Loan Lease	Pre-GRAP GAMAP Internal Loan CDF	Pre-GRAP GAMAP Loans Redeemed Capital Receipt	Total Pre-GRAP GAMAP Reserve	Government Grant Reserve	Donation and Public Contribution Reserve	Revaluation Reserve	Accumulated Surplus/ Deficit	Uthukela Water Joint Venture Investment	Total
	R	R	R	R	R		R	R	R	R	R	R
Balance at 1 July 2009							2 613 933	5 693 445	5 800 000	49 501 501	890 476 394	954 085 273
Surplus/(deficit) for the year										-68 487 372	-12 788 998	-81 276 370
Appropriations for the year							-2 613 933	-5 693 445		18 327 094		10 019 716
Funds Utilised During the Year							0	0		0		0
Uthukela Capitalisation										0		0
PPE purchased							0	0		0		0
Revaluation of Property									0	0		0
Insurance Claim Proceeded										-0		-0
Asset transferred to LMS							0	0				0
Asset Disposal												0
Offsetting of Depreciation												0
<b>Balance as at 30 June 2010</b>	0	0	0	0	0	0	0	0	5 800 000	-658 777	877 687 396	882 828 619
Correction of error (note 34)												0
Change in accounting policy (note 34)												0
<b>Restated Balance</b>	0	0	0	0	0	0	0	0	5 800 000	-658 777	877 687 396	882 828 619
Balance at 1 July 2010							0	0	5 800 000	-658 777	877 687 396	882 828 619
Surplus/(deficit) for the year										-81 018 524		-81 018 524
Appropriations for this year (refer to note 16)							0	0		1		1
Funds Utilised During the Year										0		0
Uthukela Capitalisation										0		0
PPE purchased										0		0
Revaluation of Property										0		0
Insurance Claim Proceeded										0		0
Asset transferred to LMS										0		0
Asset Disposal										0		0
Offsetting of Depreciation										0		0
<b>Balance as at 30 June 2011</b>	0	0	0	0	0	0	0	0	5 800 000	-81 677 301	877 687 396	801 810 095

UMZINYATHI DISTRICT MUNICIPALITY

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDING 30 JUNE 2011

	Note	2011 R	2010 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated by operations	15	(63 232 825)	(81 470 465)
Cash contributions from the Public and State		0	0
Cash Receipt From Rate Payers, Government and Other			
Cash Paid to Suppliers and Employees	16	26 105 882	36 090 074
Cash generated from /(Utilised in) Operations		(37 126 943)	(45 380 391)
Interest Received	15	5 741 698	8 339 828
Interest Paid	15	0	(273 612)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(31 385 244)</b>	<b>(37 314 175)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property,Plant and Equipment	5	1 789 885	(5 150 536)
Proceed on Disposal of Property, Plant and Equipment			
Decrease in Uthukela Investment	2	(19 866 626)	10 252 789
Decrease in non Current Receivables	17	0	7 063 614
Increase in non-current investment	18	36 234 425	19 130 682
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>18 157 684</b>	<b>31 296 550</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
New Loans Raised / (Repaid)			
Increase in Consumer Deposits			
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>0</b>	<b>0</b>
<b>NETT DECREASE IN CASH AND CASH EQUIVALENT</b>	19	<b>(13 227 560)</b>	<b>(6 017 625)</b>
	19	<b>(2 997 870)</b>	<b>6 017 625</b>
Cash and Cash Equivalents at the Beginning of the Year		8 443 491	14 461 116
Cash and Cash Equivalents at the End of the Year		11 441 361	8 443 491

UMZINYATHI DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2011

	2011 R	2010 R
<b>1 Accumulated Surplus / (Deficit)</b>		
Balance at the beginning of the year	877 028 619	-
Surplus/(Deficit) for the year	(81 018 524)	-
		877 028 620
Accumulated Surplus/(Deficit) at the end of the year	<u>796 010 094</u>	<u>877 028 620</u>

For more details refer to the statement of net changes in assets.

**2 INVESTMENT IN UTHUKELA WATER (PTY) LTD JOINT VENTURE**

	<b>Uthukela Water AFS Reference</b>	
Share capital	Note 5	33
Partners contributions- Projects	Note 6	342 377 551
Partners contributions- Shortfall funding	Note 6	194 638 546
Accumulated surplus	Note 6	340 671 267
		<u>857 820 771</u>
		<u>877 687 397</u>

Uthukela Water (Pty) Ltd Joint Venture Investments has been accounted for using equity method as prescribed in GRAP 8.

**REVALUATIONS RESERVE**

<b>3 Revaluation Reserve</b>	<u>5 800 000</u>	<u>5 800 000</u>
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Revaluation of property were performed using Endumeni Municipality Valuation Roll which was prepared by an independent person. The original cost price was R8 000 000.00 plus revaluation of R5 800 000 resulting to R13 800 000.00

	2011 R	2010 R
<b>4 FIXED ASSETS</b>		
Fixed assets	24 306 095	31 129 607
Capital outlay during the year	(1 789 885)	5 150 536
Adjustments		
Less :	0	1 076 923
Total fixed assets	<u>22 516 210</u>	<u>35 203 220</u>
Less : Accumulated Depreciation	19 578	10 897 125
Net fixed assets	<u>22 496 632</u>	<u>24 306 095</u>

Fixed assets has been restated in order to comply with GRAP 17 accounting requirements.

NOTE 31 - CONSOLIDATED GRANT CREDITORS AND PROVISIONS : 30 JUNE 2011 : CONTINUED

Unspent Conditional Grants and Receipts	R			R	
	70 464 064.15	115 001 797.93	131 867 847.85	2 117 603.80	51 480 410.43
	Opening Balance at 01/07/2010 R	Current year Receipts	Conditions met Transferred to Revenue	Operating Expenditure during the year	Conditions still to be met- Remain Liabilities
MIG Grant	44 299 562.44	75 274 192.00	106 875 235.53		12 698 518.91
DWAF: M&E Grant	-	600 000.00	-		600 000.00
DWAF: Water loss management	-	1 305 005.93	-		1 305 005.93
Hermannsburg Mvoti Sportfield	-	-	-		-
Umsinga Poultry Plan	104 666.35		104 666.35		-
Grant Funding Intergovernmental	-		-		-
Solid Waste Management	300 000.00		300 000.00		-
Shared Services	2 501 736.67	219 000.00		1 117 603.80	1 603 132.87
Grant: Intergrated Transport Plan	15 499.21		-		15 499.21
Grant: Finance Management Grant	-	1 000 000.00		1 000 000.00	-
Grant: Tourism	37 755.92		-		37 755.92
Grant: IDP And Capacity Building	-		-		-
Grant: Gijima - Agriculture Dev Strategy	31 180.42		31 180.42		-
Grant: Gijima - Led Strategy	15 169.71		3 600.00		11 569.71
Grant: LGTA Assess of Water	-		-		-
LED:DISTRICT SIGNAGE PROJECT	99 663.68		99 663.68		-
Grant: Municipal Support	-	417 000.00	42 379.95		374 620.05
LGTA Municipal (ICS) Grant:	252 154.72		252 154.72		-
NLDTF : Dundee Arts & Craft	305 052.64		-		305 052.64
Grant: GIS System	1 139 861.89		139 685.53		1 000 176.36
Grant: Municipal Systems Improvement	-	750 000.00	719 778.41		30 221.59
Endumeni Rural Horse Riding:	64 969.13		64 969.13		-
LED Msinga Agiculture Packhouse Project	135 298.00		-		135 298.00
LED Msinga Stone Crushing Pan	138 960.06		63 000.00		75 960.06
LED Msinga Bee&Mushroom Farming	20 048.00		-		20 048.00
LED Nquthu Eqhude Agribusiness	29 192.99		29 192.99		-
Disaster Management Grant	93 660.37		-66 069.05		159 729.42
LED Corridor Development	600 000.00	300 000.00	900 000.00		-
Development Planning IDP Capacity Building	-589.54		-589.54		-
Disaster Managemen Plan/Centre	93 011.05		93 011.05		-
DTLGA:WSDP 06/07	-		-		-
DTLGA:S78 06/07	700 000.00		-		700 000.00
DTLGA:TECH SUP 06/07	204 071.86		204 071.86		-
DTLGA:BACKLOG 06/07	80 326.05		80 326.05		-
DTLGA:ENERGY 06/07	24 561.40		24 561.40		-
DTLGA:CAPACITY BUILDING 06/0	4 217.56		4 217.56		-
DTLGA:CAPACITY IDP 2007	16 023.25		16 023.25		-
Greytown Bulk Water	886 482.06	22 970 600.00	9 210 820.39		14 646 261.67
Contractor Incubator Project	1 842 355.82	-	1 842 355.82		-
Decommiss Nquthu Sewer	2 032 293.00		2 032 293.00		-
Msinga Asisukume Maize Massification	1 199 758.84		-		1 199 758.84
Massifikation of Bulk Water	473 121.62	11 907 000.00	3 329 071.77		9 051 049.85
Othame Sanitation	-		-		-
EPWP Incentives	270 850.00	259 000.00	137 243.43		392 606.57
Drought Relief No.3:	-		-		-
<b>GOVERNMENT GRANTS CREDITORS</b>	<b>58 010 915.17</b>	<b>115 001 797.93</b>	<b>126 532 843.70</b>	<b>2 117 603.80</b>	<b>44 362 265.60</b>
<b>MUNICIPAL FUNDED PROJECTS</b>					
Decommiss Nquthu Sewer	2 500 000.00		928 198.66		1 571 801.34
Halodi gravel road	605 634.60		-		605 634.60
Qhudeneni Maxhilini Sanitation	483 980.52		483 980.52		-
Othame Sanitation	4 130 642.44		3 218 149.32		912 493.12
Ndaya Regional Water	1 372 816.74		-317 206.30		1 690 023.04
Enseleni Community Hall1 Greytown	95 856.52		95 856.52		-
Enkamba Community Hall1 Msinga	15 469.31		15 469.31		-
Development of 2 Landfill Sites	119 800.00		-180 200.00		300 000.00
Pomeroy Complex Phasel	3 128 948.85		1 090 756.12		2 038 192.73
Dwaf Cholera Intervention	-		-		-
<b>MUNICIPAL FUNDED PROJECTS</b>	<b>12 453 148.98</b>	<b>-</b>	<b>5 335 004.15</b>	<b>-</b>	<b>7 118 144.83</b>
<b>GRANTS CREDITORS AND MUNICIPAL FUNDE</b>	<b>70 464 064.15</b>	<b>115 001 797.93</b>	<b>131 867 847.85</b>	<b>2 117 603.80</b>	<b>51 480 410.43</b>
<b>Provisions</b>					
Leave pay	1 307 082.00	-		196 948.21	1 110 133.79
<b>Provisions</b>	<b>952 323.00</b>	<b>435 397.00</b>		<b>80 638.00</b>	<b>1 307 082.00</b>



**UMZINYATHI DISTRICT MUNICIPALITY**
**NOTE 31 - CONSOLIDATED GRANT CREDITORS AND PROVISIONS : 30 JUNE 2010: CONTINUED**

	Opening Balance at 01/07/2009 R	Current year Receipts R	Conditions met Transferred to Revenue R	Operating Expenditure during the year R	Conditions still to be met - Remain Liabilities R
<b>Government Grants Creditors</b>					
MIG Grant	13 129 957.84	143 626 000.00	112 456 395.00		44 299 562.00
DWAF : M & E Grant	600 000.00	-	600 000.00		-
DWAF : Water Loss Management	1 871 999.08	-	1 871 999.00		-
DIMS Project	3 318.42		3 318.00		-
Msinga/Nyoniyezwe Sportfield	74 259.21		74 259.00		-
Hermannsburg Mvoti Sportfield	-	-	-		-
Silonjane Nquthu Sportsfield	178 184.73	-	178 185.00		-
uMvoti Sports Complex - DSRS	214 816.18		214 816.00		-
Fabeni Sports Stadium Suspen	18 295.23		18 295.00		-
Makhabeleni Sports Complex	260 322.54		260 323.00		-
Nondweni Sportfield Upgrade	-		-		-
Nquthu Sport Stadium	-		-		-
Umsinga Poultry Plan	104 666.35	-			104 666.00
Fan Parks	-	-			-
Grant Funding Intergovernmental	200 000.00	-	200 000.00		-
Solid Waste Management	300 000.00	-			300 000.00
Reserves: Transitional Grant	-				-
GRANT-EMANDLENI GRAZING CAMP	4 903.78	-	4 904.00		-
Shared Services	2 613 064.86	1 018 125.00		1 129 453.00	2 501 737.00
Grants: Intergrated Transport Plan	149 499.21			134 000.00	15 499.00
Grants: Finance Management Grant	97 694.75	1 000 000.00		1 097 695.00	-
Grants: Transformation Grant	-	-			-
Grants: Community Communication Initiative	-				-
Grants: Civil Protection	-				-
Grants: Tourism	37 755.92				37 756.00
Grants: IDP And Capacity Building	-				-
Grants: PMS Funding DBSA	-				-
Grants: Gijima	-	-			-
Grants: Gijima - Inter SMME's	-				-
Grants: Gijima - Agriculture Dev Strategy	23 784.40	7 396.02			31 180.00
Grants: Gijima - Led Strategy	-			-15 170.00	15 170.00
Grants: LGTA WSDP Review	-				-
Grants: LGTA Assess of Water	444 253.51		444 253.51		-
LED:DISTRICT TOURISM STRATEGY	-				-
LED:DISTRICT SIGNAGE PROJECT	99 663.68				99 663.68
LED:ENDUMENI MARKET STALLS	82 485.26		82 485.00		-
LED:MANGENI WATERFALL	-				-
LED:KWAKOPI CURIOSHOP	0.00				-
LED:MUDEN ARTS & CRAFT	16 811.16		16 811.16		-
Reserves: Municipal Support Grant	-				-
Reserves: CMC & Secretariat Grant	53 546.17			53 546.00	-
Reserves: LGTA Municipal (ICS) Grant:	997 682.01			745 527.00	252 155.00
NLDTF : Dundee Arts & Craft	1 209 905.00	-	904 852.00		305 053.00
Growth Development Summit	-				-
GIS System Grant:	1 484 894.89		345 033.00		1 139 862.00
Municipal Systems Improvement Grant	23 365.05	737 350.00	760 715.00		-
Bhambatha Stadium:	205 043.84		205 044.00		-
Endumeni Rural Horse Riding:	181 292.85		116 324		64 969
LED Msinga Agriculture Packhouse Project	273 598.00		138 300		135 298
LED Msinga Stone Crushing Plan	146 598.00		7 638		138 960
LED Msinga Bee&Mushroom Farming	20 048.00	-	-		20 048
LED Nquthu Eqhude Agribusiness	29 192.99	-	-		29 193
Disaster Management Grant	102 160.17			8 500	93 660
LED Corridor Development	502 765.44	5 000 000.00	4 902 765		600 000
Development Planning IDP Capacity Building	285 387.49			285 977	-590
Disaster Managemen Plan/Centre	467 131.63			374 121	93 011
DTLGA:WSDP 06/07	-			-	-
DTLGA:S78 06/07	700 000.00		-		700 000
DTLGA:TECH SUP 06/07	612 717.50			408 646	204 072
DTLGA:BACKLOG 06/07	116 548.01			36 222	80 326
DTLGA:ENERGY 06/07	200 000.00			175 439	24 561
DTLGA:CAPACITY BUILDING 06/0	4 217.56			-	4 218
DTLGA:CAPACITY IDP 2007	16 023.25				16 023
Greytown Bulk Water	10 334 944.75	3 545 600.00	12 994 063		886 482
Soya Bean Project	-				-
Contractor Incubator Project	1 530 587.70		-311 768		1 842 356
Decommiss Nquthu Sewer	2 421 662.58		389 369		2 032 293
Msinga Agri-Business	1 292 351.34		92 593		1 199 759
CMIP Dundee Bulk Water	-				-
Massifikation of Bulk Water	1 000 000.00		526 878		473 122
Othame Sanitation	-	3 490 153.98	3 490 154		-
EPWP Incentives	-	270 850.00			270 850
Drought Relief No.3:	206 908.25			206 908.00	-
<b>GOVERNMENT GRANTS CREDITORS</b>	<b>44 944 309.00</b>	<b>158 695 475.00</b>	<b>140 988 005.00</b>	<b>4 640 864.00</b>	<b>58 010 915.00</b>

**UMZINYATHI DISTRICT MUNICIPALITY****NOTE 31 - CONSOLIDATED GRANT CREDITORS AND PROVISIONS : 30 JUNE 2010: CONTINUED****Municipal Funded Projects**

Decommiss Nquthu Sewer	-	2 500 000.00	-	-	2 500 000.00
Halodi Gravel Access Road	1 342 464.00	1 400 000.00	2 136 830.00	-	605 635.00
Qhudeni Machilini Sanitation	-	10 906 320.00	10 422 339.00	-	483 981.00
Othame Sanitation	-	14 000 000.00	9 869 358.00	-	4 130 642.00
Ndaya Regional Water	-	1 800 000.00	427 183.00	-	1 372 817.00
Enseleni Community Hall1 Greytown	1 106 842.20	-	1 010 986.00	-	95 857.00
Enkamba Community Hall1 Msinga	1 146 125.96	-	1 130 657.00	-	15 469.00
Development of 2 Landfill Sites	1 000 000.00	-	880 200.00	-	119 800.00
Pomeroy Complex Phasel	-	3 132 000.00	3 051.00	-	3 128 949.00

<b>Government Grants Creditors</b>	<b>4 595 433.00</b>	<b>33 738 320.00</b>	<b>25 880 604.00</b>	<b>-</b>	<b>12 453 149.00</b>
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<b>GRANTS CREDITORS AND MUNICIPAL FUND</b>	<b>49 539 742.00</b>	<b>192 433 795.00</b>	<b>166 868 609.00</b>	<b>4 640 864.00</b>	<b>70 464 064.00</b>
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**Provisions**

Leave pay	952 323.00	435 397.00	80 638.00	-	1 307 082.00
<b>Provisions</b>	<b>952 323.00</b>	<b>435 397.00</b>	<b>80 638.00</b>	<b>-</b>	<b>1 307 082.00</b>

UMZINYATHI DISTRICT MUNICIPALITY

Note 32

CONSOLIDATED ANALYSIS OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDING 30 JUNE 2011

Actual 2010 R		Actual 2011 R	Budget 2011 R
<b>INCOME</b>			
252 017 698	Government and Provincial grants and subsidies	268 526 971	283 991 356
291 797	Rental of Facilities and equipment	237 287	399 300
8 339 828	Interest Earned - External Investment	5 741 698	6 483 500
	Contribution from operating surplus		21 557 449
	Water sales		19 000 000
215 108	Proceed on Sale of Asset	0	
287 725	Other	403 506	2 511 600
<u>261 152 156</u>		<u>274 909 462</u>	<u>333 943 205</u>
<b>EXPENDITURE</b>			
20 234 671	Salaries, wages and allowances	24 808 368	35 973 494
4 669 826	Depreciation	3 660 773	
8 867 012	Post Retirement benefit	3 703 476	
40 609 967	General expenses	46 201 009	39 520 136
71 955 507	Agency fees	93 846 105	63 601 316
4 764 698	Repairs and maintenance	5 694 355	7 586 702
273 612	Interest paid	0	184 756
178 264 234	Contracted services	158 147 276	187 076 800
<u>329 639 527</u>	<b>Gross expenditure</b>	<u>336 061 361</u>	<u>333 943 204</u>
<u>(68 487 371)</u>	<b>DEFICIT FOR THE YEAR</b>	<u>(61 151 899)</u>	<u>1</u>
-12 788 998	Interest in Joint Venture		
<b>-81 276 370</b>			

61 151 899

(0)

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX A

CONSOLIDATED ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Expenditure 2010 R	Service R	Budget 2 010 R	Balance at 30/06/2010 R	Expenditure 2 011 R	Transferred / Disposal 2 011 R	Acc Depreciation 2 011 R	Balance at 30/06/2011 R
5 150 537	Resource Support Services	5 333 173.69	24 306 095	-1 789 885	-	19 578	22 496 632
59 182	Land and Building	3 000 000	14 689 738	1 269 760	-	758 330.98	15 201 167
1 109 427	Office Furniture and Equipment	1 333 174	3 036 444	(3 059 645)	-	-738 753.09	715 552
2 987 597	Plant and Equipment	-	3 004 067	0	-	-	3 004 067
994 331	Motor Vehicle	1 000 000	3 575 846	0	-	-	3 575 846
	Intangible Assets		-	-	-	-	0
5 150 537	<b>TOTAL FIXED ASSETS</b>	5 333 174	24 306 095	-1 789 885.31	0	19 578	22 496 632
							<b>40</b>

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX B

CONSOLIDATED SEGMENTED ANALYSIS OF PROPERY PLANT AND EQUIPMENT AS AT 30 JUNE 2011

Expenditure 2010 R	Service	Budget 2 010 R	Balance at 30/06/2010 R	Expenditure 2 011 R	Transferred /		Balance at 30/06/2011 R
					Disposal 2 011 R	Acc Depreciation 2 011 R	
5 150 538	Resource Support Services	5 333 174	14 472 005	-1 789 885	-	-	22 516 210
74 947	Municipal Manager		14 892 887	-1 789 885	0	0	13 103 002
	Mayor		9 263		0	0	9 263
	Deputy Mayor		8 628		0	0	8 628
600	Speaker		20 310	0	0	0	20 310
2 200	Councillor		10 519	0		0	10 519
0	Internal Audit		0			0	0
	Deputy Municipal Manager		0				0
250 855	Disaster Management	10 000	373 550	0	0	0	373 550
3 897 146	Corporate Services	935 000	6 581 781	0	0	0	6 581 781
	Secretariate		0		0		0
324 291	Auxilliary Services		585 711	0	0	0	585 711
6 710	Registry		23 822	0	0	0	23 822
	Multi Purpose Centre		0				0
	Water Services		0				0
36 840	Planning		144 701	0	0	0	144 701
8 157	Planning and Social Development	195 000	97 136	0	0	0	97 136
	Pimms		1 022		0	0	1 022
87 542	Gis		156 618	0	0	0	156 618
	Development		0				0
2 409	Led, Idp, and Tourism		12 110	0	0	0	12 110
189 697	Financial Services	100 000	793 338	0	0	0	793 338
	Finance : Levies		0		0	0	0
213 203	Technical Services	4 053 174	501 544	0	0	0	501 544
33 863	Community Based Public Works		52 365	0	0	0	52 365
	Vehicles Technical Services		0				0
	Nondweni		0				0
22 078	Enviromental Health	40 000	40 790	0		0	40 790
			-				0
<b>5 150 538</b>	<b>TOTAL FIXED ASSETS</b>	<b>5 333 174</b>	<b>24 306 096</b>	<b>-1 789 885</b>	<b>0</b>	<b>0</b>	<b>22 516 210</b>

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX C

CONSOLIDATED SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

FOR PERIOD ENDING 30 JUNE 2011

2010 Actual income R	2010 Actual expenditure R	2010 Surplus/ (deficit) R		2011 Actual income R	2011 Actual expenditure R	2011 Surplus/ (deficit) R
279 056 919	347 544 542	(68 487 373)	<b>Resource Support Services</b>	<b>278 142 976</b>	<b>339 294 875</b>	<b>(61 151 899)</b>
677 249	23 898 059	(23 220 810)	Corporate Services - Admin	238 208	19 439 440	(19 201 232)
41 260 089	4 547 410	36 712 678	Council	51 485 599	4 049 311	47 436 288
173 047 230	183 450 414	(10 403 184)	Finance - Admin	159 269 297	153 704 289	5 565 008
64 069 709	113 432 498	(49 362 789)	Technical Services - Admin	67 143 819	136 493 565	(69 349 746)
0	1 400 330	(1 400 330)	Municipal Manager	0	2 302 476	(2 302 476)
2 642	20 815 831	(20 812 938)	Planning and Social Development - Admin	6 053	23 305 794	(23 299 741)
<u>279 056 919</u>	<u>347 544 541</u>	<u>(68 487 372)</u>	<b>TOTAL</b>	<u><b>278 142 976</b></u>	<u><b>339 294 875</b></u>	<u><b>(61 151 899)</b></u>
		(12 788 998)	Interest in Uthukela Joint Venture			(19 866 625)
		(81 276 370)	<b>Net surplus (Deficit) for the year</b>			<b>(81 018 524)</b>
		<u>18 327 094</u>	Appropriations for this year (refer to note 16)			<u>0</u>
		<b>939 977 895</b>	Accumulated surplus beginning of the year			877 028 619
		<u><u>877 028 619</u></u>	<b>Accumulated surplus end of year</b>			<u><u>796 010 095</u></u>

UMZINYATHI DISTRICT MUNICIPALITY

APPENDIX C

CONSOLIDATED SEGMENTED STATEMENT OF FINANCIAL PERFORMANCE

FOR PERIOD ENDING 30 JUNE 2011

2010 Actual income R	2010 Actual expenditure R	2010 Surplus/ (deficit) R	2011 Actual income R	2011 Actual expenditure R	2011 Surplus/ (deficit) R
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**UMZINYATHI DISTRICT MUNICIPALITY**

**APPENDIX D: STATISTICAL INFORMATION**

	2011	2010	2009	2008	2007	2006	2005	2004
<b>General Statistics</b>								
Levy tariffs								
Regional Establishment Levy (% of Turnover excluding VAT)	0	0	0	0.12	0.12	0.12	0.12	0.12
Regional Services Levy (% of Salaries, wages & drawings)	0	0	0	0.30	0.30	0.30	0.30	0.30
Number of Registered Levy Payers	0	0	0	1 245	1 896	1 791	1 459	1 279
Number of councillors of the Municipality	24	23	23	23	22	22	23	23
Number of employees of the Municipality	86	66	64	62	44	86	112	106
Number of water connections	-	-	-	-	-	722	236	*
<b>Water Statistics</b>								
Units purified ( kL )	-	-	-	-	-	6 317 998	*	*
Units Sold ( kL )	-	-	-	-	-	5 175 736	*	*
Distribution Loss ( kL )	-	-	-	-	-	1 142 262	*	*
Distribution Loss ( % )	-	-	-	-	-	18%	*	*
Average cost per unit sold ( R )	-	-	-	-	-	3.98	*	*

\* = Information not available