

Annual Financial Statements

for

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June: **2011**

Province:

KwaZulu Natal

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ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2011

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1 Cllr VZ kaMagwaza Msibi	Mayor (w.e.f 14 June 2011)
2 Cllr MA Hlatshwayo	Speaker (w.e.f 14 June 2011)
3 Cllr V O Mbuyisa	Member of the Executive Committee (w.e.f 14 June 2011)
4 Cllr B B Zwane	Member of the Executive Committee
5 Cllr RM Zulu	Member of the Executive Committee (w.e.f 14 June 2011)
6 Cllr S E Nkwanyana	Member of the Executive Committee
7 Cllr SE Qwabe	Deputy Mayor (w.e.f 14 June 2011)
8 Cllr T R Bunge	Member
9 Cllr M M Mntungwa	Member (EXCO member until 18 May 2011)
10 Cllr M B Mabaso	Member
11 Cllr SZ Buthelezi	Member w.e.f. 20 May 2011
12 Cllr R B Mhlungu	Member
13 Cllr N J Mjaja	Member (Speaker until 18 May 2011)
14 Cllr Z Siyaya	Member w.e.f 20 May 2011
15 Cllr T B Lukhele	Member
16 Cllr SJ Zulu	Member w.e.f 20 May 2011
17 Cllr BJ Mncwango	Member w.e.f 20 May 2011
18 Cllr BC Nhlabathi	Member w.e.f 20 May 2011
19 Cllr KE Nxumalo	Member w.e.f 20 May 2011
20 Cllr IA Mbatha	Member w.e.f 20 May 2011
21 Cllr NM Nhlabathi	Member w.e.f 20 May 2011
22 Cllr ME Khumalo	Member w.e.f 20 May 2011
23 Cllr MT Lushaba	Member w.e.f 20 May 2011
24 Cllr NF Zulu	Member w.e.f 20 May 2011
25 Cllr MS Ntshangase	Member w.e.f 20 May 2011
26 Cllr ISM Hadebe	Member w.e.f 20 May 2011
27 Cllr ME Buthelezi	Member w.e.f 20 May 2011
28 Cllr Mkhize TK	Member w.e.f 20 May 2011
29 Cllr Ximba SP	Member w.e.f 20 May 2011
30 Cllr TL Khumalo	Member w.e.f 20 May 2011
31 Cllr ZI Mtshali	Member w.e.f 20 May 2011
32 Cllr LS Dumakude	Member w.e.f 20 May 2011
33 Cllr N Xaba	Member w.e.f 20 May 2011
34 Cllr TJ Khumalo	Member
35 Cllr Dlamini QM	Member w.e.f 20 May 2011

ZULULAND DISTRICT MUNICIPALITY
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General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

B-400 GAGANE STREET
ULUNDI
3838

Postal address:

PRIVATE BAG X76
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3838

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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 40, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

Municipal Manager:

31 August 2011

ZULULAND DISTRICT MUNICIPALITY
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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2011

	Note	2011 R	2010 R <u>Restated</u>
ASSETS			
Current assets		200 446 383	169 561 392
Cash and cash equivalents	1	175 013 351	148 170 288
Trade and other receivables from exchange transactions	2	3 644 996	6 288 172
Other receivables from non-exchange transactions	3	3 413 854	5 267 848
Inventories	4	1 869 662	3 993 118
Prepayments	5	494 494	1 190 475
Current portion of receivables	6	124 666	40 553
VAT receivable	11	15 885 359	4 610 938
Non-current assets		1 289 681 151	1 168 879 279
Non-current receivables	6	2 527 143	998 636
Property, plant and equipment	7	1 286 943 462	1 167 616 140
Intangible assets	8	210 547	264 503
Total assets		1 490 127 534	1 338 440 671
LIABILITIES			
Current liabilities		138 364 987	88 864 010
Trade and other payables from exchange transactions	9	59 693 017	58 888 609
Consumer deposits	10	3 279 005	3 263 089
Current portion of unspent conditional grants and receipts	12	11 438 793	6 296 785
Current portion of borrowings	13	1 499 844	1 324 074
Current portion of finance lease liability	14	290 932	220 425
Bank overdraft	1	30 395 497	-
Other current liabilities	15	31 767 899	18 871 028
Non-current liabilities		1 362 019	3 152 795
Non-current borrowings	13	1 255 065	2 754 909
Non-current finance lease liability	14	106 954	397 886
Total liabilities		139 727 007	92 016 805
Net assets		1 350 400 528	1 246 423 866
NET ASSETS			
Accumulated surplus / (deficit)		1 350 400 528	1 246 423 866
Total net assets		1 350 400 528	1 246 423 866

**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2011**

	Note	2011	2010
		R	R
Revenue			
Service charges	16	23 686 288	17 692 067
Rental of facilities and equipment	17	83 973	95 002
Interest earned - external investments	18	12 316 926	9 351 008
Interest earned - outstanding receivables	19	564 885	914 455
Government grants and subsidies	20	418 602 742	410 015 459
Other income	22.1	1 411 127	1 585 972
Total revenue		456 665 940	439 653 963
Expenses			
Employee related costs	23	84 572 313	74 959 976
Remuneration of councilors	24	4 573 931	5 039 368
Contribution to Doubtful debts		-	-
Depreciation and amortisation expense	25	32 834 542	31 979 415
Repairs and maintenance		27 834 255	24 875 757
Finance costs	26	604 696	696 665
Bulk purchases	27	38 385 668	35 063 713
Contracted services	28	4 344 456	3 706 717
Grants and subsidies paid	29	899 694	844 658
General expenses	30	158 662 707	132 179 799
Total expenses		352 712 263	309 346 067
Gain / (loss) on sale of assets	30.1	22 984	196 631
Surplus / (deficit) for the period		103 976 661	130 504 527

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**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2011**

DETAILS		Accumulated Surplus/(Deficit)
	Note	R
Balance at 30 June 2009		1 119 449 108
Changes in accounting policy		1 339 352
Correction of prior period error	37	(4 851 276)
Restated Balance at 30 June 2009		1 115 937 184
Correction of prior period error	37	-17 844.82
Surplus / (deficit) for the period		130 504 527
Restated Balance at 30 June 2010		1 246 423 866
Surplus / (deficit) for the period		103 976 661
Balance at 30 June 2011		1 350 400 528

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
as at 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		438 082 598	460 833 406
Cash Received from consumers, government and other	31.1	438 082 598	460 833 406
Payments		(299 542 070)	(272 885 849)
Cash Paid to employee costs, supplier and other	31.2	(299 542 070)	(272 885 849)
Net cash flows from operating activities	31	138 540 528	187 947 558
Interest Received		12 316 926	9 351 008
Finance Cost		(604 696)	(696 665)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(152 084 923)	(124 968 997)
Purchase of fixed assets		(152 138 880)	(125 083 940)
Purchase of intangible assets		53 956	114 943
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1 499 844)	(1 324 074)
Proceeds from finance lease liability		70 507	124 200
Repayment of finance lease liability		(290 932)	113 100
		(3 552 435)	70 546 130
Net increase / (decrease) in net cash and cash equivalents		(3 552 435)	70 546 130
Net cash and cash equivalents at beginning of period		148 170 288	77 624 158
Net cash and cash equivalents at end of period	32	144 617 853	148 170 288

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 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.

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

GRAP 8 Interest in Joint Ventures - issued August 2006

GRAP 18 Segment Reporting - issued March 2005

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

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

GRAP 103 Heritage Assets - issued July 2008

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. 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, its deemed cost is the carrying amount of the asset(s) given up.

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

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

2.3 DEPRECIATION AND IMPAIRMENT

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

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Heritage assets

Paintings and artifacts	Indefinite
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Finance lease assets

Office equipment	5 years
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Other

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

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

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

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

2.4 DERECOGNITION

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

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

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

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

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

3.4 DERECOGNITION

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

4 INVENTORIES

4.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

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

4.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

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

5 FINANCIAL INSTRUMENTS

5.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

5.2 SUBSEQUENT MEASUREMENT

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

5.2.1 INVESTMENTS

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

5.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

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

5.2.3 TRADE PAYABLES AND BORROWINGS

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

5.2.4 CASH AND CASH EQUIVALENTS

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

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

6 UNAUTHORISED EXPENDITURE

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

7 IRREGULAR EXPENDITURE

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

8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 LEASES

9.1 MUNICIPALITY AS LESSEE

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

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

9.2 MUNICIPALITY AS LESSOR

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

10 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.

11 REVENUE

11.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council an are levied

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

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

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

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

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

11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter tempering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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

11.3 GRANTS, TRANSFERS AND DONATIONS

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

12 BORROWING COSTS

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

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011**

	Note	2011 R	2010 R
1 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		5 000	5 000
Cash at bank		-	27 156 937
Call deposits		175 008 351	121 008 350.54
		175 013 351	148 170 288

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch: 4047162045

Cash book balance at beginning of year	27 156 937	1 612 797
Cash book balance at end of year	(30 395 497)	27 156 937
Bank statement balance at beginning of year	29 835 617	10 696 797
Bank statement balance at end of year	51 885 662	29 835 617

<u>Cash on hand</u>	5 000	5 000
Total cash and cash equivalents	175 013 351	148 170 288
Total bank overdraft	30 395 497	-

Investments

Absa	140 008 351	66 008 351
FNB	25 000 000	25 000 000
STD	10 000 000	30 000 000
Total Investments	175 008 351	121 008 351

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTION			
<u>Trade receivables</u>			
as at 30 June 2011			
Service debtors			
Water	42 580 848	38 935 851	3 644 996
Other Receivables	2 677 328	2 677 328	-
Total	45 258 175	41 613 179	3 644 996
as at 30 June 2010			
Service debtors			
Water	30 209 461	23 921 289	6 288 172
Other	2 695 439	2 695 439	-
Total	32 904 900	26 616 728	6 288 172

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011**

	Note	2011 R	2010 R
2 Reconciliation of the doubtful debt provision			
Balance at beginning of the year		26 851 129	24 618 408
Contributions to provision		14 996 451	-
Reversal of provision		-234 401	2 232 721
Balance at end of year		<u>41 613 179</u>	<u>26 851 129</u>

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011**

	Note	2011 R	2010 R
3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS			
Other debtors		3 413 854	5 267 848
Total Other Debtors		3 413 854	5 267 848
4 INVENTORIES			
Closing balance of inventories:		1 869 662	3 993 118
Consumable stores		1 869 662	2 807 206
Water meters		-	190 800
Water		-	995 113
5 PREPAYMENTS			
Prepaid expenses		494 494	1 190 475
Includes payments for Kwanaloga and accomodation for Kwanaloga games 2011 and Eskom			
6 NON-CURRENT RECEIVABLES			
Car loans		18 589	24 389
Bursary Debtors		47 545	39 345
Other non-current receivables		2 585 674	975 456
		2 651 809	1 039 189
Less : Current portion transferred to current receivables		(124 666)	(40 553)
Current portion		(83 951)	(8 123)
Bursary Debtors		(40 715)	(32 430)
Total		2 527 143	998 636

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

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

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

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

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

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

7 PROPERTY, PLANT AND EQUIPMENT

7.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2010	470 000	26 471 713	1 122 551 585	-	-	17 560 454	562 388	1 167 616 140
Cost/Revaluation	470 000	32 163 378	1 243 192 396	-	-	28 833 323	907 253	1 305 566 350
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(5 691 665)	(120 640 811)	-	-	(11 272 869)	(344 865)	(137 950 210)
Acquisitions	-	-	-	-	-	4 280 963	-	4 280 963
Capital under Construction	-	1 786 896	146 039 921	-	-	-	-	147 826 817
Depreciation	-	(1 044 417)	(26 956 077)	-	-	(4 487 404)	(229 085)	(32 716 982)
Carrying value of disposals	-	-	-	-	-	(63 477)	-	(63 477)
Cost/Revaluation	-	-	-	-	-	(65 440)	-	(65 440)
Accumulated depreciation and impairment losses	-	-	-	-	-	1 963	-	1 963
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2011	470 000	27 214 192	1 241 635 428	-	-	17 290 537	333 303	1 286 943 460
Cost/Revaluation	470 000	33 950 273	1 389 232 317	-	-	33 048 846	907 253	1 457 608 689
Transfers						-		-
Accumulated depreciation and impairment losses	-	(6 736 082)	(147 596 888)	-	-	(15 758 309)	(573 950)	(170 665 229)

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

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

7.2 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2009	400 000	27 328 802	1 031 782 798	-	-	14 403 384	330 000	1 074 244 985
Cost/Revaluation	400 000	31 988 819	1 125 688 699	-	-	23 348 198	550 000	1 181 975 717
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(4 660 017)	(93 905 901)	-	-	(8 944 814)	(220 000)	(107 730 732)
Acquisitions	70 000	174 558	-	-	-	7 641 994	357 253	8 243 805
Capital under Construction	-	-	117 503 697	-	-	-	-	117 503 697
Depreciation	-	(1 031 648)	(26 734 910)	-	-	(3 881 491)	(124 865)	(31 772 914)
Carrying value of disposals	-	-	-	-	-	(603 433)	-	(603 433)
Cost/Revaluation	-	-	-	-	-	(2 156 869)	-	(2 156 869)
Accumulated depreciation and impairment losses	-	-	-	-	-	1 553 436	-	1 553 436
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2010	470 000	26 471 713	1 122 551 585	-	-	17 560 454	562 388	1 167 616 140
Cost/Revaluation	470 000	32 163 378	1 243 192 396	-	-	28 833 323	907 253	1 305 566 350
Accumulated depreciation and impairment losses	-	(5 691 665)	(120 640 811)	-	-	(11 272 869)	(344 865)	(137 950 210)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	R
8 INTANGIBLE ASSETS		
8.1 Reconciliation of carrying value		
	Computer Software	Total
	R	R
as at 1 July 2010	264 503	264 503
Cost	1 922 479	1 922 479
Accumulated amortisation and impairment losses	(1 657 976)	(1 657 976)
Acquisitions	63 603	63 603
Amortisation	(117 560)	(117 560)
	210 547	210 547
as at 30 June 2011	210 547	210 547
Cost	1 986 082	1 986 082
Accumulated amortisation and impairment losses	(1 775 536)	(1 775 536)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
9 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Accrued Expenses		640 529	26 287 505
Trade creditors		25 307 312	10 368 037
Credit Card		9 252	-
Water Debtors with Credit Balances		-	602 022
Retention		29 821 502	18 375 547
Staff leave accrual		3 914 422	3 255 497
Total creditors		<u>59 693 017</u>	<u>58 888 609</u>
10 CONSUMER DEPOSITS			
Water		3 279 005	3 263 089
Accrued interest		-	-
Total consumer deposits		<u>3 279 005</u>	<u>3 263 089</u>
11 VAT RECEIVABLE			
VAT receivable		<u>15 885 359</u>	<u>4 610 938</u>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
12.1 Unspent Conditional Grants from other spheres of Government			
Spatial Development Planning		-	250 000
Development Admin.		-	225 578
Development Planning Shared Services		1 474 000	884 550
P700 Infrastructure		-	108 634
Ulundi Tourism Hub		-	313 285
Mondi Ziqongwane Water Grant		-	300 000
Corridor Development		9 964 793	4 214 738
Total Unspent Conditional Grants and Receipts		<u>11 438 793</u>	<u>6 296 785</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
13 BORROWINGS			
Total borrowings: Inca Loan		2 754 909	4 078 983
Less : Current portion transferred to current liabilities		1 499 844	1 324 074
Long term portion of borrowings		1 255 065	2 754 909
Refer to Appendix A for more detail on borrowings.			
14 FINANCE LEASE LIABILITY			
2011			Present value of minimum lease payments R
Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	
Within one year	377 455	86 523	290 932
Within two to five years	116 232	9 278	106 954
	493 687	95 801	397 886
Less: Amount due for settlement within 12 months (current portion)			-
			397 886
The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
2010			Present value of minimum lease payments R
Amounts payable under finance leases	Minimum lease payment R	Future finance charges R	
Within one year	357 230	139 805	220 425
Within two to five years	493 687	95 801	397 886
	850 917	235 606	618 311
Less: Amount due for settlement within 12 months (current portion)			-220 426
			397 885
The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
OTHER FINANCIAL LIABILITIES			
15 OTHER CURRENT LIABILITIES			
Other current financial liabilities		31 767 899	18 871 028
16 SERVICE CHARGES			
Sale of water		16 239 151	12 208 638
Sewerage and sanitation charges		7 447 137	5 483 429
Total Service Charges		23 686 288	17 692 067
17 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		83 973	95 002
Total rentals		83 973	95 002
18 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		12 316 926	9 351 008
Other			-
Total interest		12 316 926	9 351 008
19 INTEREST EARNED - OUTSTANDING RECEIVABLES			
Debtors		564 885	914 455
Total interest		564 885	914 455

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
20 GOVERNMENT GRANTS AND SUBSIDIES			
Belgrade MPCC		-	2 791 656
DWAF		31 628 900	34 043 354
DWAF Accelerated Community infrastructure		4 235 794	3 777 045
DWAF Operation & maintenance		-	1 418 000
DWAF Salaries		-	1 791 000
DTLGA		-	6 170 548
Equitable share		198 670 855	159 047 468
Finance Management Grant		1 000 000	750 000
Inter Governmental Relation		417 000	-
Mona Market		1 000 000	-
Grant: Infrastructure		108 634	-
Heatonville Assessment		-	1 000 000
INDONSA		1 516 000	1 817 565
Infrastructure Backlog Studies		-	455 318
Expanded public works Programme		1 270 200	450 000
Massification		3 670 000	38 872
MIG Grant		164 112 000	182 644 680
Municipal Development Information System		-	415 971
Municipal Systems Improvement Grant		750 000	1 095 344
Nongoma Project Consolidate		-	1 464 268
Local Government Cholera Project		-	242 500
P700 Strategic Corridor		8 249 946	385 262
Development Administration		-	24 422
Okhukho Rudimentary Project		-	1 245 045
Shared Services Planning		1 360 128	1 052 450
Sports grant		-	454 884
Ulundi Intermodal Transport		-	3 000 000
Ulundi Airport		-	3 937 495
Ulundi Tourism Hub		313 285	492 183
Other Government Grants and Subsidies		300 000.00	-
Casino Levy		-	10 130
Total Government Grant and Subsidies		418 602 742	410 015 459
21.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.			
21.2 MIG Grant			
Balance unspent at beginning of year		-	17 214 680
Current year receipts		164 112 000	165 430 000
Conditions met - transferred to revenue		(164 112 000)	(182 644 680.0)
Conditions still to be met - remain liabilities		-	-
MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.			
Other Conditional Government Grants and Subsidies			
Balance unspent at beginning of year		6 296 780	17 603 651
Current year receipts		255 632 749	217 303 287
Conditions met - transferred to revenue		(250 490 740)	-228 610 158
Conditions still to be met - remain liabilities		11 438 789	6 296 780
21.3 Changes in levels of government grants			
Based on the allocations set out in the Division of Revenue Act 2008, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.			
22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS			
22.1 Other income			
Total Other Income		1 411 127	1 585 972

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R	
23 EMPLOYEE RELATED COSTS				
Employee related costs - Salaries and Wages		60 190 622	50 867 619	
Employee related costs - Contributions for UIF, pensions and medical aids		12 552 391	10 503 463	
Travel, motor car, accommodation, subsistence and other allowances		5 562 995	5 030 574	
Housing benefits and allowances		498 758	493 025	
Overtime payments		2 313 071	2 660 144	
Other employee related costs		3 454 475	5 405 151	
Total Employee Related Costs		<u>84 572 313</u>	<u>74 959 976</u>	
Remuneration of the Municipal Manager				
Annual Remuneration		540 000	481 500	
Performance- and other bonuses		123 050	112 796	
Travel, motor car, accommodation, subsistence and other allowances		388 514	370 804	
Contributions to UIF, Medical and Pension Funds		205 719	160 409	
Total		<u>1 257 282</u>	<u>1 125 509</u>	
Remuneration of the Chief Finance Officer				
Annual Remuneration		307 437	269 819	
Performance- and other bonuses		84 280	77 692	
Travel, motor car, accommodation, subsistence and other allowances		508 670	482 049	
Contributions to UIF, Medical and Pension Funds		136 745	112 065	
Total		<u>1 037 132</u>	<u>941 625</u>	
Remuneration of Individual Executive Directors				
	Planning R	Technical Services R	Corporate Services R	Community Services R
2011				
Annual Remuneration	225 232.96	307 437	307 437	307 437
Performance- and other bonuses	84 280.35	84 280	84 280	84 280
Travel, motor car, accommodation, subsistence and other allowances	402 288.33	523 522	506 703	240 712
Contributions to UIF, Medical and Pension Funds	109 798.51	99 983	137 493	53 219
Total	<u>821 600.15</u>	<u>1 015 222</u>	<u>1 035 914</u>	<u>685 648</u>
2010				
Annual Remuneration		262 762	221 040	299 067
Performance- and other bonuses		131 745	131 745	131 745
Travel, motor car, accommodation, subsistence and other allowances		520 557	527 899	485 129
Contributions to UIF, Medical and Pension Funds		74 063	246 559	103 236
Total		<u>989 127</u>	<u>1 127 241</u>	<u>1 019 177</u>
24 REMUNERATION OF COUNCILLORS				
Councillors		2 795 092	3 016 207	
Councillors' pension and medical aid contributions		354 537	467 990	
Councillors' allowances		1 424 303	1 555 171	
Total Councillors' Remuneration		<u>4 573 931</u>	<u>5 039 368</u>	
In-kind Benefits				
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.				
The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.				
25 DEPRECIATION AND AMORTISATION EXPENSE				
Property, plant and equipment		32 716 982	31 772 915	
Intangible assets		117 560	206 501	
Total Depreciation and Amortisation		<u>32 834 542</u>	<u>31 979 416</u>	

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
26 FINANCE COSTS			
Borrowings		604 696	696 665
Total Finance Costs		<u>604 696</u>	<u>696 665</u>
27 BULK PURCHASES			
Electricity		16 501 301	11 245 270
Water		21 884 368	23 818 443
Total Bulk Purchases		<u>38 385 668</u>	<u>35 063 713</u>
28 CONTRACTED SERVICES			
Contracted services for:			
Security Services		2 780 574	2 582 683
Meter reading Services		277 125	187 418
Cleaning Service		1 286 757	936 616
		<u>4 344 456</u>	<u>3 706 717</u>
29 GRANTS AND SUBSIDIES PAID			
Grant/subsidy to Local Municipalities		899 694	844 658
		<u>899 694</u>	<u>844 658</u>
These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality			
30 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		191 540	303 679
Audit fees		1 489 205	1 141 170
Bank charges		116 934	151 189
Cleaning		1 286 757	-
Conferences and delegations		37 947	-
Entertainment		437 622	486 083
Fuel and oil		4 321 730	3 943 514
Insurance		516 583	3 187 758
Membership fees		480 215	-
License fees		220 079	16 877
Membership fees		-	298 751
Postage		224 522	198 092
Printing and stationery		3 428 216	569 503
Professional fees		4 884 603	4 053 470
Rental of buildings		196 797	46 833
Rental of office equipment		368 696	153 098
Other rentals		337 204	719 815
Skills development levies		753 642	384 667
Stocks and material		105 654	242 401
Telephone cost		2 091 837	1 827 757
Training		1 089 599	683 329
Community & social expenditure		26 874 275	34 973 127
Travel and subsistence		4 065 289	5 397 449
Uniforms & overalls		404 475	540 326
Grants expenditure		46 575 681	30 472 978
Other		58 140 621	42 387 936
		<u>158 639 723</u>	<u>132 179 801</u>
30.1 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		-	196 631
Total gain / (loss) on sale of assets		<u>-</u>	<u>196 631</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

Note	2011 R	2010 R
31 CASH GENERATED BY OPERATIONS		
Surplus/(deficit) for the year	103 976 661	130 504 527
Adjustment for:-		
Depreciation and amortisation	32 834 542	31 979 415
(Gain) / loss on sale of assets	(22 984)	-196 631
Contribution to provisions - non-current	-	-
Contribution to provisions - current	-	-
Finance costs	604 696	696 665
Correction of Prior Period Error	-	-
Impairment loss / (reversal of impairment loss)	-	-
Interest earned	(12 316 926)	(9 351 008)
Appropriation for the year	-	-
Operating surplus before working capital changes:	125 075 990	153 632 968
Working Capital	13 464 538	34 314 590
Increase in trade and other receivables from exchange transactions	2 643 176	-2 655 393
Decrease in other receivables from non-exchange transactions	1 853 993	867 499
Increase in current portion of receivables	(84 113)	32 591
Increase in prepayments	695 981	439 979
(Increase)/decrease in VAT receivable	(11 274 421)	35 563 817
Increase in Inventory	2 123 456	-3 088 651
Decrease in non-current receivables	(1 528 507)	(189 413)
Increase in trade and other payables from exchange transactions	804 408	15 444 330
Increase/(decrease) in consumer deposits	15 916	(1 433)
Increase in current provisions	-	-
Decrease in current portion of unspent conditional grants and receipts	5 142 008	(27 301 045)
Increase in current portion of borrowings	175 770	155 704
Decrease in other current financial liabilities	12 896 871	15 046 604
Appropriation for the year	-	-
(Increase)/decrease in inventories	-	-
Cash generated by/(utilised in) operations	138 540 528	187 947 558
31.1 Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	456 665 940	439 653 963.40
Adjusted for items disclosed separately		
Interest received	(12 316 926)	-9 351 008
Adjusted for working capital	(6 266 417)	30 530 450
Increase in trade and other receivables from exchange transactions	2 643 176	-2 655 393.40
Decrease in other receivables from non-exchange transactions	1 853 993	867 499.00
Increase in current portion of receivables	(84 113)	32 591.40
(Increase)/decrease in VAT receivable	(11 274 421)	35 563 817
Increase in Inventory	2 123 456	-3 088 651.00
Decrease in non-current receivables	(1 528 507)	(189 413.00)
Cash receipts from consumers, government and other	438 082 598	460 833 405
31.2 Cash paid to employees, suppliers and other		
Total expenses as per statement of financial performance	(352 712 263)	-309 346 067.24
Adjusted for non-cash items:	32 834 542	31 979 415
Depreciation	32 834 542	31 979 415.00
Adjusted for items disclosed separately		
Finance Costs	604 696	696 665
Adjusted for working capital	19 730 954	3 784 139
Increase in prepayments	695 981	439 979.00
Increase in trade and other payables from exchange transactions	804 408	15 444 330.00
Decrease in current portion of unspent conditional grants and receipts	5 142 008	(27 301 045)
Increase/(decrease) in consumer deposits	15 916	(1 433)
Increase in current portion of borrowings	175 770	155 704
Decrease in other current financial liabilities	12 896 871	15 046 604.00
Cash paid to employees, suppliers and other	(299 542 070)	(272 885 848)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
32 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		175 013 351	148 170 288
Bank overdrafts		(30 395 497)	-
Net cash and cash equivalents (net of bank overdrafts)		<u><u>144 617 853</u></u>	<u><u>148 170 288</u></u>

33 CHANGE IN ACCOUNTING POLICY

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

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
33.6 Accumulated Surplus/(Deficit)			
Balance previously reported			
40 Tractors were previously purchased for distribution to the community. 6 Tractors have subsequently been retained by the municipality for internal LED projects. These tractors were previously expensed.			
Net effect: Increase PPE Others			1 388 958
Net effect: Increase in Accumulated Surplus Opening Balance			-
Total		<u>-</u>	<u>1 388 958</u>
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
34 MANAGEMENT ACT			
34.1 Contributions to organised local government			
Opening balance			
Membership Fees		270 472	298 645
Amount paid - current			
Amount paid - previous years			
Balance unpaid (included in payables)		<u>270 472</u>	<u>298 645</u>
34.2 Audit fees			
Amount paid - current year		1 489 205	1 000 073
Balance unpaid (included in payables)		<u>1 489 205</u>	<u>1 000 073</u>
34.3 VAT			
VAT input receivables and VAT output payables are shown in note 11. Not all VAT returns were submitted by the due date throughout the year but corrective measures are now in place .			
34.4 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		12 680 630	8 859 329
Amount paid - current year		(12 680 630)	(8 859 329)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>-</u>	<u>-</u>
34.5 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council Contributions		16 164 057	11 403 966
Amount paid - current year		(16 164 057)	-11 403 966
Amount paid - previous years		-	-
Balance unpaid (included in payables)		<u>-</u>	<u>-</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
34.6 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	Total	Outstanding less than 90 days	
	R	R	
as at 30 June 2011			
Cllr FP Ntanzu	7 890	7 890	
Cllr CR Khumalo	3 207	3 207	
Cllr SG Jali	8 549	8 549	
Cllr SR Shwala	32	32	
Cllr RV Sibiyi	-137	-137	
Cllr NJ Manana	139	139	
Cllr PATN Buthelezi	442	442	
Cllr RM Ndlovu	-1 259	-1 259	
Cllr SG Magwaza	-389	-389	
Total Councillor Arrear Consumer Accounts	18 474	18 474	-
as at 30 June 2010			
Cllr V Z Magwaza	251	251	-
Cllr S E Nkwanyana	2 399	92	2 307.00
Total Councillor Arrear Consumer Accounts	2 651	343	2 307.00
During the year the following Councillors had arrear accounts outstanding for more than 90 days.		Highest Amount Outstanding	Ageing Days
		R	
as at 30 June 2011			
Cllr S G Jali	8 549		90x days
as at 30 June 2010			
Cllr S E Nkwanyana		2 242	90x days
34.7 Material Losses	kilolitres	Amount	
Water losses averaged 22% during the year	5 605 191	24 662 840	9 081 891
Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.			
34.8 Irregular Expenditure		3 545 316	8 254 808.81
Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate.			
34.9 Unauthorised, Fruitless and Wasteful expenditure		29 088	-
		29 088	-
35 CAPITAL COMMITMENTS			
35.1 Commitments in respect of capital expenditure			
- Approved and contracted for Infrastructure	80 132 016	110 467 067.00	
	80 132 016	110 467 067.00	
Total	80 132 016	110 467 067.00	
This expenditure will be financed from:			
- Government Grants	80 132 016	110 467 067.00	
	80 132 016	110 467 067.00	
35.2 Operating leases			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
Operating leases - lessee			
Within one year	32 535	32 535	
In the second to fifth year inclusive	18 707	18 707	
Total	51 243	51 243	
36 RELATED PARTIES			
Members of key management (refer to note 22)			
Compensation to councillors and other key management (refer to note 22 & 23)			

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
37 CORRECTION OF PRIOR PERIOD ERROR			
<p>During the year ended 30 June 2008, fuel and oil for the 07/08 financial was erroneously recorded as an expense in the 2008/2009 financial year.</p> <p>The comparative amount has been restated as follows:</p>			
Corrections of prior year fuel and oil recorded as an expense in the current year			
Decrease in Fuel and Oil			<u>(479 518)</u>
Net effect on surplus/(deficit) for the year		-	<u>479 518</u>
Net effect: decrease on accumulated surplus opening balance			<u>479 518</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
For the correction of spent grants previously recorded as unspent and Training expenses incurred not recognised			
Decrease unspent LG Seta			20 000
Decrease unspent Transport Plan Grant			469 097
Decrease unspent LG Seta Road Grant			139 363
Training creditors previously not recognised			(106 300)
Net effect: increase in accumulated surplus 2009 opening balance			<u>(522 160)</u>
Restated Prior period error			
A call account with the balance of R27 649.46 was incorrectly omitted at 30.06.2009			
Increase in cash and cash equivalents			-
For the correction of spent grants previously recorded as unspent and credit card payments expensed			
Decrease Gumbi land Settlement			-
Decrease Gijima KZN			-
Decrease unspent Transport Plan Grant			158 321
Decrease Credit Card			4 905
WSP Store incorrectly expensed in 2009			1 396 154
2008/2009 Bulk Purchases incorrectly recorded in 09/10			(2 752 334)
Vat Incorrectly claimed on motor cars			79 151
Correction of PPE Other			117 016
Net effect: increase in accumulated surplus 2009 closing balance			<u>(996 787)</u>
Accumulated Surplus			
For periods prior to 2010			
Amount as previously reported		1 244 970 820	
Land Affairs payment receipted as sundry income		(141 557)	
Fuel deposit utilised		(14 980)	
Environmental Health invoiced without an MOU		(35 200)	
Duplicated rent journal		(3 875)	
Eskom deposits recorded as Bulk Electricity		1 666 503	
Sub-total		<u>1 246 441 711</u>	
For the 2010 period			
Correction of salaries not integrated		(17 845)	
RESTATED BALANCE AT 30 JUNE 2010		<u>1 246 423 866</u>	
Other debtors (note 2) Balance as previously reported			
		2 929 840	
Less: Hospitals incorrectly billed		234 401	
Restated Balance at 30 June 2010		<u>2 695 439</u>	
Provision for Doubtful debts (note 2)			
		2 929 840	
Less: Hospitals incorrectly billed		234 401	
Restated Balance at 30 June 2010		<u>2 695 439</u>	
NET EFFECT OF PRIOR PERIOD ERRORS:			
Decrease in Debtors		(141 557)	
Decrease in Debtors		(14 980)	
Decrease in Debtors		(35 200)	
Decrease in Debtors		(3 875)	
Decrease in Debtors		(17 845)	
Increase in Deposits		1 666 503	
NET EFFECT		<u>1 453 046</u>	
Hospitals incorrectly billed for water delivered by water tankers:			
Decrease in Trade Debtors		<u>234 401</u>	
Decrease in Provision for doubtful debts		<u>234 401</u>	

ZULULAND DISTRICT MUNICIPALITY

APPENDIX A

SCHEDULE OF EXTERNAL LOANS

as at 30 June 2011

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2010	Received during the period	Redeemed / written off during the period	Balance at 30 June 2011	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
LONG-TERM LOANS-INCA LOAN@12.91%		31/03/2013	4 078 983	-	(1 324 074)	2 754 909	27 214 192	
Total long-term loans			4 078 983	-	(1 324 074)	2 754 909	27 214 192	
TOTAL EXTERNAL LOANS			4 078 983	-	(1 324 074)	2 754 909	27 214 192	

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APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	32 163 378	-	-	1 786 896	33 950 273	(5 691 665)	-1 044 416.92	-	-	(6 736 082)	-	-	27 214 192
Infrastructure													
Water & Sewerage Inst	776 546 882	-	-	146 039 920.80	922 586 803	(78 701 694)	-17 253 557.13	-	-	(95 955 251)	-	-	826 631 552
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(41 939 117)	-9 702 520.35	-	-	(51 641 637)	-	-	415 003 877
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 243 192 396	-	-	146 039 921	1 389 232 317	(120 640 811)	-26 956 077.48	-	-	(147 596 888)	-	-	1 241 635 428
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 275 825 774	-	-	147 826 817	1 423 652 590	(126 332 476)	-28 000 494.40	-	-	(154 332 970)	-	-	1 269 319 620

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APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 275 825 774	-	-	147 826 817	1 423 652 590	(126 332 476)	-28 000 494.40	-	-	(154 332 970)	-	-	1 269 319 620
Other Assets													
Office Equipment	1 362 946	54 053	-	-	1 416 999	(843 926)	-151 138.43	-	-	(995 064)	-	-	421 934
Furniture & Fittings	466 725	178 868	-	-	645 593	(236 655)	-59 341.11	-	-	(295 996)	-	-	349 597
Emergency Equipment	139 475	-	-	-	139 475	(42 570)	-14 043.11	-	-	(56 613)	-	-	82 862
Motor vehicles	21 287 052	3 135 813	-	-	24 422 865	(7 048 295)	-2 984 769.35	-	-	(10 033 064)	-	-	14 389 801
Computer Equipment	4 614 541	824 035	(65 440)	-	5 373 136	(2 772 925)	-582 228.00	1 963	-	(3 353 190)	-	-	2 019 946
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	962 584	88 194	-	-	1 050 778	(328 498)	-695 883.55	-	-	(1 024 382)	-	-	26 396
	28 833 323	4 280 963	(65 440)	-	33 048 846	(11 272 869)	-4 487 403.55	1 963	-	(15 758 309)	-	-	17 290 537
Finance Lease Assets													
Office Equipment	907 253	-	-	-	907 253	(344 865)	-229 084.52	-	-	(573 950)	-	-	333 303
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	907 253	-	-	-	907 253	(344 865)	-229 084.52	-	-	(573 950)	-	-	333 303
Total	1 305 566 350	4 280 962.78	(65 440)	147 826 817	1 457 608 689	(137 950 210)	-32 716 982.47	1 963	-	(170 665 229)	-	-	1 286 943 460

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

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land													
Land	400 000	70 000	-	-	470 000	-	-	-	-	-	-	-	470 000
	400 000	70 000	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	31 988 819	174 558	-	-	32 163 378	(4 660 017)	-1 031 648.00	-	-	(5 691 665)	-	-	26 471 713
Infrastructure													
Water & Sewerage Inst	659 043 185	-	-	117 503 697	776 546 882	(61 524 020)	-17 177 673.92	-	-	(78 701 694)	-	-	697 845 188
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(32 381 881)	-9 557 235.67	-	-	(41 939 117)	-	-	424 706 397
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 125 688 699	-	-	117 503 697	1 243 192 396	(93 905 901)	-26 734 909.59	-	-	(120 640 811)	-	-	1 122 551 585
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 158 077 518	244 558	-	117 503 697	1 275 825 774	(98 565 918)	-27 766 557.59	-	-	(126 332 476)	-	-	1 149 493 298

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

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 158 077 518	962 154	(787 596)	117 503 697	1 275 825 774	(98 565 918)	-27 766 557.59	-	-	(126 332 476)	-	-	1 149 493 298
Other Assets													
Office Equipment	1 199 136	163 810	-	-	1 362 946	(686 864)	-157 062.00	-	-	(843 926)	-	-	519 020
Furniture & Fittings	277 256	189 469	-	-	466 725	(208 410)	-28 245.00	-	-	(236 655)	-	-	230 070
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 475	-	-	-	139 475	(28 622)	-13 948.00	-	-	(42 570)	-	-	96 905
Motor vehicles	16 475 985	6 739 511	(1 928 444)	-	21 287 052	(5 510 188)	-3 086 840.00	1 548 733	-	(7 048 295)	-	-	14 238 757
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4 097 597	540 354	(23 410)	-	4 614 541	(2 223 747)	-553 881.00	4 703	-	(2 772 925)	-	-	1 841 616
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 158 749	8 850	(205 015)	-	962 584	(286 983)	-41 515.00	-	-	(328 498)	-	-	634 086
	23 348 198	7 641 994	(2 156 869)	-	28 833 323	(8 944 814)	-3 881 491.00	1 553 436	-	(11 272 869)	-	-	17 560 454
Finance Lease Assets													
Office Equipment	550 000	357 253	-	-	907 253	(220 000)	-124 865.00	-	-	(344 865)	-	-	562 388
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	550 000	357 253	-	-	907 253	(220 000)	-124 865.00	-	-	(344 865)	-	-	562 388
Total	1 181 975 717	8 961 401	(2 944 465)	117 503 697	1 305 566 350	(107 730 732)	-31 772 913.59	1 553 436	-	(137 950 210)	-	-	1 167 616 140

ZULULAND DISTRICT MUNICIPALITY
APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	44 862 997	3 314 681	1 786 896	(65 440)	49 899 134	(11 617 734)	(4 716 488)	1 963	(16 332 259)	-	33 566 875
Finance & Admin	2 995 580	824 035			3 819 615				-		3 819 615
Planning & Development	3 788 992				3 788 992				-		3 788 992
Health	12 966				12 966				-		12 966
Community & Social Services	1 732 465	54 053			1 786 518				-		1 786 518
Public Safety	2 173 787				2 173 787				-		2 173 787
Water	1 249 962 536	88 194	146 039 921		1 396 090 651	(126 332 476)	(28 000 494)		(154 332 970)		1 241 757 680
Electricity					-				-		-
Other	37 027	-			37 027				-		37 027
Total	1 305 566 350	4 280 963	147 826 817	(65 440)	1 457 608 690	(137 950 210)	(32 716 982)	1 963	(170 665 229)	-	1 286 943 460

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2011

2010			2011		
Actual Income	2010 Actual Expenditure	2010 Surplus / (Deficit)	Actual Income	2011 Actual Expenditure	2011 Surplus / (Deficit)
R	R	R	R	R	R
3 973 724	78 971 935	(74 998 211)	3 973 724	78 971 935	(74 998 211)
170 793 459	14 310 308	156 483 151	170 793 459	14 310 309	156 483 151
1 869 931	16 910 302	(15 040 371)	1 869 931	16 910 302	(15 040 371)
15 322 300	45 301 472	(29 979 172)	15 322 300	45 301 472	(29 979 172)
5 757 949	6 113 488	(355 540)	5 757 949	6 113 488	(355 540)
242 133 231	147 738 562	94 394 669	242 133 231	147 738 562	94 394 669
439 850 594	309 346 067	130 504 527	439 850 595	309 346 068	130 504 527
439 850 594	309 346 067	130 504 527	439 850 595	309 346 068	130 504 527
		Total			

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E

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

Name of Grants	Name of organ of state	Unspent portion 2009/2010 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2010/2011 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework Revenue Act	reason for non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
				1	2	3	4		1	2	3	4						
					-													
Belgrade MPCC	National Treasury		-															
Bulk Implementation Grant	DWAF			5 072 400		26 556 500		31 628 900	3 602 384	1 150 163	3 781 630	23 094 723	31 628 900				YES	
CASINO LEVY	KZN COGTA																YES	
Corridor Development	KZN COGTA	4 214 738		10 000 000				10 000 000	12 473	218 395	492 399	3 526 678	4 249 945	9 964 793			YES	
Development Administration	KZN COGTA	225 578							225 578				225 578				YES	
Development Planning Shared Services	KZN COGTA	1 134 550		1 474 000				1 474 000	275 268	340 772	353 908	164 602	1 134 550	1 474 000				
DLGTA :Project management	COGTA																YES	
DWAF Operation & Maintenance Grant	DWAF																YES	
DWAF Salaries Grant	DWAF																YES	
Equitable Share	National Treasury			82 779 364	66 223 491	49 668 000		198 670 855	82 779 364	66 223 491	49 668 000		198 670 855				YES	
FMG	National Treasury			1 000 000				1 000 000	30 936	124 747	804 038	40 279	1 000 000				YES	
Gijima KZN	Dept of economic development																YES	
GIS Shared Services	KZN COGTA																YES	
Gumbi Land settlement	KZN COGTA																	
HEATONVILLE	KZN COGTA																YES	
Indonsa Grant	Art & Culture			808 000	708 000			1 516 000	661 000	387 000	389 852	78 148	1 516 000				YES	
Infrastructure Backlog Studies	KZN COGTA																YES	
KZN Infrastructure Grant	KZN COGTA																YES	
LGSETA	LGSETA																YES	
LGSETA-road construction	LGSETA																	
LGTESA Grant	LGSETA																YES	
MIG	COGTA			55 353 000	63 592 000	45 167 000		164 112 000	29 687 094	33 043 417	86 093 626	15 287 863	164 112 000				YES	
MONDI Zinqolwane Water Grant	MONDI	300 000								300 000			300 000				YES	
MSIG	COGTA			750 000				750 000		282 724	36 985	430 291	750 000				YES	
Municipal Development Info Services	KZN COGTA																YES	
P700 Infrastructure	KZN COGTA	108 634							108 634				108 634				YES	
RURAL WATER SANITATION	DWA																YES	
Inter Governmental Relations				417 000				417 000	417 000				417 000				YES	
Strategic support advance	KZN COGTA																YES	
Expanded Public Works Programme	Dept of Works				676 000	594 200		1 270 200		676 000	594 200		1 270 200					
Ulundi Airport	KZN COGTA																YES	
ULUNDI INTERMODAL TRANSPORT	KZN COGTA																YES	
Ulundi Tourism Hub	KZN COGTA	313 284							313 284				313 284				YES	
WATER AFFAIRS	DWAF																YES	
WATER SUPPLY	DWAF			2 112 553	2 123 241			4 235 794	288 573	1 581 407	2 365 814		4 235 794				YES	
Mona Market	KZN COGTA				1 000 000			1 000 000				1 000 000	1 000 000					
Massification							3 670 000	3 670 000				3 670 000	3 670 000					
		6 296 784	-	159 766 317	134 322 732	121 985 700	3 670 000	419 744 749	118 401 588	104 328 116	144 580 452	47 292 584	414 602 740	11 438 793				

Zululand District Municipality
Appendix F
Statement of comparative and actual information

Description	2010/2011								
	Original Budget	Budge Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8	9
Financial Perfomance									
Service Charges	19 868 756			19 868 756	23 686 288		-3 817 532	119.21	119.21
Investment Revenue	9 270 000			9 270 000	12 316 926		-3 046 926	132.87	132.87
Transfers recognised - operational	214 558 000			214 558 000	222 861 842		-8 303 842	103.87	103.87
Other own revenue	73 341 926	11 400 000		84 741 926	1 495 100		83 246 826	1.76	2.04
Total Revenue	317 038 682	11 400 000	-	328 438 682	260 360 155	-	68 078 527		
Employee costs	74 169 532			74 169 532	84 572 313		-10 402 781	114.03	114.03
Remuneration of councillors	5 619 417			5 619 417	4 573 931		1 045 486	81.40	81.40
Debt impairment	2 915 244			2 915 244			2 915 244	-	-
Depreciation	40 000 000			40 000 000	32 834 542		7 165 458		
Repairs and Maintenance	31 897 032			31 897 032	27 834 255		4 062 777	87.26	87.26
Finance charges	484 013			484 013	604 696		-120 684	124.93	124.93
Materials and Bulk Purchases	41 912 756			41 912 756	38 385 668		3 527 087	91.58	91.58
Transfers of grants	949 694			949 694	899 694		50 000	94.74	94.74
General Expenses	108 810 578	11 400 000		120 210 578	112 087 026		8 123 552	93.24	103.01
Other expenditure	231 264			231 264	4 344 456		-4 113 192	1 878.57	1 878.57
				-					
Total Expenditure	306 989 530	11 400 000	-	318 389 530	306 136 582	-	12 252 948		
Surplus / (Deficit)	10 049 152	-	-	10 049 152	-45 776 427				
Transfers Recognised- capital	215 824 000	6 100 000		221 924 000	195 740 900		26 183 100	88.20	90.69
Contributions Recognised				-					
				-					
Surplus/Deficit after capital transfer	225 873 152	6 100 000	-	231 973 152	149 964 473	-	26 183 100		
Capital Expenditure	226 038 272	11 500 000		237 538 272	200 021 863		37 516 409	84.21	88.49
				-					
Transfers recognised- capital	215 824 000	6 100 000		221 924 000	195 740 900		26 183 100	88.20	90.69
Public contributions				-					
Borrowings				-					
Internally Generated funds	10 214 272	5 400 000		15 614 272	4 280 962.78		11 333 309	27.42	41.91
Total Sources of capital funds	226 038 272	11 500 000	-	237 538 272	200 021 863	-	37 516 409		40

ZULULAND DISTRICT MUNICIPALITY

APPENDIX G

EXPENDITURE AS A RESULT OF INCORRECT DECLARATIONS AS AT 30 JUNE 2010

LIST OF COMPANIES WITH MEMBERS/ DIRECTORS WHO ARE IN THE SERVICE OF THE STATE

NO.	SUPPLIER	DATE	CHEQUE NO.	AMOUNT	INITIALS	SURNAME	ID_NO_DIR
2	AMAKHONDLO CONSTRUCTION	2009/07/13	39678	R 34 542.00	T	MWELASE	6101195306089
3	AMAKHONDLO CONSTRUCTION	2010/02/26	42707	R 60 765.42	MT	SITHOLE	7009210683086
4	AMAKHONDLO CONSTRUCTION	2010/02/26	43041	R 30 393.69	T	MWELASE	6101195306089
5	AMAKHONDLO CONSTRUCTION	2010/04/08	43289	R 25 994.34	MT	SITHOLE	7009210683086
6	AMAKHONDLO CONSTRUCTION	2010/05/27	43769	R 12 545.26	T	MWELASE	6101195306089
29	DISTINCTIVE CHOICE TECHNOLOGY	2009/08/19	40166	R 3 648.00	D G	BLAAUW	6401315156012
30	DISTINCTIVE CHOICE TECHNOLOGY	2009/08/28	40228	R 2 137.50	D G	BLAAUW	6401315156012
39	EMCAKWINI CONSTRUCTION AND FENCING	2010/05/21	43700	R 8 321.95	S N	BUTHELEZI	7307300336080
40	EMCAKWINI CONSTRUCTION AND FENCING	2010/06/30	44183	R 470 295.21	S N	BUTHELEZI	7307300336080
43	GLADWISE OFFICE SUPPLY PRINTING AND DES	2010/02/22	42513	R 31 126.93	D P G	MKHIZE	8105030711088
44	GLADWISE OFFICE SUPPLY PRINTING AND DES	2010/03/24	EFT	R 59 238.68	D P G	MKHIZE	8105030711088
45	GLADWISE OFFICE SUPPLY PRINTING AND DES	2010/02/25	42542	R 9 646.00	D P G	MKHIZE	8105030711088
46	GLADWISE OFFICE SUPPLY PRINTING AND DES	2010/03/26	43044	R 107 871.26	D P G	MKHIZE	8105030711088
69	ISINKINE CONSTRUCTION & MAINTENANCE	2009/07/13	39689	R 5 050.00	AB	MASONDO	6310170793084
70	ISINKINE CONSTRUCTION & MAINTENANCE	2009/08/28	40233	R 2 055.95	AB	MASONDO	6310170793084
71	ISINKINE CONSTRUCTION & MAINTENANCE	2009/09/25	40571	R 18 850.95	AB	MASONDO	6310170793084
72	ISINKINE CONSTRUCTION & MAINTENANCE	2009/11/12	41312	R 23 630.95	AB	MASONDO	6310170793084
85	MAHLABATHINI BUILDING SUPPLIES	2009/07/06	39619	R 62 355.09	SJ	MLAMBO	7007100536083
86	MAHLABATHINI BUILDING SUPPLIES	2009/12/04	41630	R 63 011.60	SJ	MLAMBO	7007100536083
87	MAHLABATHINI BUILDING SUPPLIES	2010/05/07	43521	R 57 556.45	SJ	MLAMBO	7007100536083
88	MAHLABATHINI BUILDING SUPPLIES	2010/06/14	43975	R 18 356.71	SJ	MLAMBO	7007100536083

NO.	SUPPLIER	DATE	CHEQUE NO.	AMOUNT	INITIALS	SURNAME	ID_NO_DIR
89	MAHLABATHINI BUILDING SUPPLIES	2010/06/21	44063	R 55 653.65	SJ	MLAMBO	7007100536083
90	MAHLABATHINI BUILDING SUPPLIES	2010/07/02	44393	R 68 080.04	SJ	MLAMBO	7007100536083
91	MAHLABATHINI BUILDING SUPPLIES	2010/07/27	44648	R 58 296.18	SJ	MLAMBO	7007100536083
101	MAVELA BUILDING AND CIVIL CONSTRUCTION	2009/11/01	41716	R 46 880.00	A M	NDWANDWE	5002155778088
102	MAVELA BUILDING AND CIVIL CONSTRUCTION	2010/01/11	42040	R 11 954.72	P N	NDWANDWE	8401011547082
103	MAVELA BUILDING AND CIVIL CONSTRUCTION	2010/05/12	43561	R 39 008.28	A M	NDWANDWE	5002155778088
110	NDWANDWE CONSTRUCTION	2009/07/08	39654	R 117 559.08	NC	NDWANDWE	7206130495084
111	NDWANDWE CONSTRUCTION	2009/07/08	39655	R 72 529.65	NC	NDWANDWE	7206130495084
112	NDWANDWE CONSTRUCTION	2009/07/20	39764	R 212 036.61	NC	NDWANDWE	7206130495084
113	NDWANDWE CONSTRUCTION	2009/08/18	40203	R 248 152.16	NC	NDWANDWE	7206130495084
114	NDWANDWE CONSTRUCTION	2009/12/08	41807	R 1 366 337.78	NC	NDWANDWE	7206130495084
116	NGOZA MANAGEMENT AND PROJECTS	2010/01/27	42298	R 2 000.00	MT	MTHEMBU	7703265272080
130	NQADULANA CATERING	2009/10/19	40892	R 14 750.00	M M	ZULU	8202050883085
139	SEKUSILE DEVELOPMENT PRACTITIONERS	2009/10/08	40805	R 2 000.00	BG	DLAMINI	6806150784084
140	SEKUSILE DEVELOPMENT PRACTITIONERS	2009/12/17	41746	R 27 500.00	BG	DLAMINI	6806150784084
148	THANDIVANI BUSINESS ENTERPRISE	2009/09/16	40529	R 3 420.00	S F	SHABANGU	7106100580081
149	THANDIVANI BUSINESS ENTERPRISE	2009/10/02	40616	R 3 000.00	S F	SHABANGU	7106100580081
150	THANDIVANI BUSINESS ENTERPRISE	2009/11/11	41285	R 3 000.00	S F	SHABANGU	7106100580081
151	THANDIVANI BUSINESS ENTERPRISE	2009/12/22	41805	R 3 000.00	S F	SHABANGU	7106100580081
163	ZONQOBA CONTRACTORS	2010/03/23	42992	R 82 764.00	GF	PHUNGULA	7112050443080
	TOTAL			R 3 545 316.09			

