

Annual Financial Statements

for

UMKHANYAKUDE DISTRICT MUNICIPALITY

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

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:	MR K MOODLEY
Name of Chief Financial Officer:	MR T M MABIKA
Contact telephone number:	
Contact e-mail address:	
Name of contact at provincial treasury:	
Contact telephone number:	
Contact e-mail address:	
Name of relevant Auditor:	
Contact telephone number:	
Contact e-mail address:	
Name of contact at National Treasury:	Mkhululeni Dlamini
Contact telephone number:	012 315 5328
Contact e-mail address:	Mkhululeni.Dlamini@treasury.gov.za

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

General information

Members of the Council

Mayor	Councillor SJ Vilane
Speaker	Councillor HG Mavimbela
Deputy Mayor	Councillor CG Swartz
Member of the Executive Committee	Councillor SH Nxumalo
Member of the Executive Committee	Councillor MC Zungu
Member of the Executive Committee	Councillor TP Mthethwa

Other Council Members

Council Member	LV Khumalo
Council Member	MCF Msweli
Council Member	FN Bukhosini
Council Member	SP Mthethwa
Council Member	B Mthethwa
Council Member	BT Tembe
Council Member	M Mathenjwa
Council Member	NH Zikhali
Council Member	SF Mdaka
Council Member	ZW Mathonsi
Council Member	SR Khumalo
Council Member	MW Nxumalo
Council Member	MW Khumalo
Council Member	AT Zikhali
Council Member	PJ Mabuyakhulu
Council Member	GP Moodley
Council Member	VF Hlabisa
Council Member	ZE Nyawo
Council Member	LX Mkhwanazi
Council Member	MB Sangweni
Council Member	MS Mabika
Council Member	BZ Mngomezulu
Council Member	DL Gumbi

Municipal Manager Mr K M Moodley

Chief Financial Officer (Acting) Mr T M Mabika

Grading of Local Authority 4

Auditors Auditor-General

Bankers First National Bank

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General information (continued)

Registered Office:	Lot 13433 Kingfisher Road , Remainder of Harlingen Farm, Mkuse , 39553
Physical address:	Lot 13433 Kingfisher Road , Remainder of Harlingen Farm, Mkuse , 39553
Postal address:	P O Box 449 Mkuse 3965
Telephone number:	035 - 573 8600
Fax number:	065 - 573 1094
E-mail address:	Kogan Moodley [moodleykogan@yahoo.com]

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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 x to x, 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, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 28 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 Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

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

	Note	2011 R	2010 R
ASSETS			
Current assets			
Cash and cash equivalents	1	5 297 874	8 768 881
Trade and other receivables from exchange transactions	2	31 887 959	4 065 202
Other receivables from non-exchange transactions	2	6 177 399	1 196 614
Inventories	4	61 814	350 365
Investments	5	122 601 745	11 192 933
VAT receivable	3	-	246 463
Non-current assets			
Property, plant and equipment	7	1 121 216 614	1 076 497 413
Intangible assets	8	56 939	43 410
Investment in municipal entity		100	100
Correction of error (illustrative purposes only)			
Total assets		1 287 300 443	1 102 361 381
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	9	51 486 177	59 320 973
Consumer deposits	10	788 932	712 741
VAT payable	11	2 533 741	-
Current provisions	12	4 413 886	2 877 512
Bank overdraft	1	-	3 450 306
Current portion of borrowings	14	-	2 097 707
Current portion of finance lease liability	15	1 066 680	1 066 680
Non-current liabilities			
Non-current unspent conditional grants and receipts	13	127 542 691	47 517 877
Non-current borrowings	14	12 229 793	10 497 761
Non-current finance lease liability	15	287 064	287 064
Investment in municipal entity - LOAN		100	100
Total liabilities		200 349 065	127 828 721
Net assets		1 086 951 378	974 532 660
NET ASSETS			
Reserves			
Accumulated surplus / (deficit)		1 086 951 378	974 532 660
Total net assets		1 086 951 378	974 532 660

UMKHANYAKUDE DISTRICT MUNICIPALITY**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ending 30 June 2011

	Note	2011 R	2010 R
Revenue			
Property rates	16	963 145	744 448
Service charges	17	43 381 630	31 617 987
Rental of facilities and equipment	18	167 446	70 865
Interest earned - external investments	19	4 797 056	809 458
Government grants and subsidies	20	188 982 151	197 791 557
Other income	21	331 912	632 579
Total revenue		238 623 340	231 666 894
Expenses			
Employee related costs	22	55 085 615	49 257 671
Remuneration of councillors	23	3 516 213	2 470 855
Provision for doubtful debts			37 098 827
Depreciation and amortisation expense	24		47 998 606
Inventory write off			634 354
Repairs and maintenance		1 149 327	5 095 892
Finance costs	25	1 070 281	2 009 233
Bulk purchases	26	28 465 911	52 227 457
Contracted services	27	2 831 759	120 249
Grant expenditure	28	22 928 943	15 502 763
General expenses	29	14 634 325	27 566 748
Total expenses		129 682 374	239 982 655
Gain / (loss) on sale of assets	30	474 003	
Surplus / (deficit) for the period		109 414 969	(8 315 761)

UMKHANYAKUDE DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2011

Note	Accumulated Surplus/(Deficit) R	Total: Net Assets R
Balance at 30 June 2010	974 532 660	974 532 660
Net gains and losses not recognised in the statement of financial performance		
Transfers to / from accumulated surplus/(deficit)	3 003 749	3 003 749
Surplus / (deficit) for the period	109 414 969	109 414 969
Balance at 30 June 2011	1 086 951 378	1 086 951 378

UMKHANYAKUDE DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
for the year ended 30 June 2011

	Note	2011 R	2010 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from consumers and government		-	255 885 491
Taxation			
Sales of goods and services			
Grants			
Interest received			
Other receipts			
Cash paid to suppliers and employees		-	171 058 855
Employee costs			
Suppliers			
Interest paid			
Other payments			
Cash generated from operating activities	33	-	84 826 636
Interest Income			809 458
Finance costs			2 009 233
Net cash flows from operating activities			83 626 861
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(44 705 672)	(76 834 142)
Proceeds from sale of fixed assets			
Proceeds from sale of investments			
Purchase of intangibles			
Decrease/(Increase) in Loans and receivables			255 071
Net cash flows from investing activities		(44 705 672)	(76 579 071)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement in long term liabilities			(4 127 568)
Movement in finance lease obligation			(1 086 655)
Movement in current portion of long term liabilities			1 347 870
Movement in current portion of finance lease liabilities			(361 702)
Movement in consumer deposits			106 895
Proceeds from borrowings			
Repayment of borrowings			
Proceeds from finance lease liability			
Repayment of finance lease liability			
Net cash flows from financing activities		-	(4 121 160)
Net increase / (decrease) in net cash and cash equivalents		(44 705 672)	2 926 630
Net cash and cash equivalents at beginning of period		16 511 458	13 584 828
Net cash and cash equivalents at end of period	34	(28 194 214)	16 511 458

UMKHANYAKUDE 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.

These annual financial statements have been prepared in accordance with 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).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

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

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

1.2 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

Budget information in accordance with GRAP 1 and 24, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

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.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.5 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

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

IAS 19 Employee Benefits - effective 1 January 2009

IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009

Other

Other

Nature of impending changes in accounting policy:

Impact on the municipality's financial statements once implemented:

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.

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 *[or state other method used, e.g. production-unit- or diminishing balance method]*. 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:

Infrastructure

Roads and Paving
Pedestrian Malls
Electricity
Water
Sewerage

Community

Buildings
Recreational Facilities
Security
Halls
Libraries
Parks and gardens
Other assets

Heritage assets

Buildings
Paintings and artifacts

Finance lease assets

Office equipment
Other assets

Other

Buildings
Specialist vehicles
Other vehicles
Office equipment
Furniture and fittings
Watercraft
Bins and containers
Specialised plant and equipment
Other items of plant and equipment
Landfill sites
Quarries
Emergency equipment
Computer equipment
Other
Other
Other
Other

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.

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.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, 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

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 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

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:

Investment property

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit.

The fair value of milk is determined based on market prices in the local area.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

Biological assets	%
Trees in plantation	
Maize	
Wheat	
Sheep	
Pigs	
Dairy Cattle	
Other Assets	

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 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.

7.2 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 OR the weighted average method.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 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.

8.2.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, 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.

8.2.2 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 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.

8.2.3 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.

8.2.4 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.

9 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the investor has significant influence and which is neither a controlled entity nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The equity method involves recognising the investment initially at cost, then adjusting for any change in the investor's share of net assets of the associate since it acquired it. A single line-item in the Statement of Financial Performance presents the investor's share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date that significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instruments depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments for the effects of any significant events or transactions between the investor and the associate that occur between the different reporting dates. Adjustments are made to ensure consistency between the accounting policies of the associate and the municipality.

10 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.

11 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.

12 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.

13 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.

14 LEASES

14.1 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.

14.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

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

15 REVENUE

15.1 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 or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. [The estimates of consumption between meter readings are based on.....](#)

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

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.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

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

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

15.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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 councillors or officials is virtually certain.

15.3 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 is recognised.

16 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.

17 RETIREMENT BENEFITS

The municipality provides retirement benefits for its employees and councillors. [The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.](#)

Insert defined contribution plan information here

Insert defined benefit plan information here.

18 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by *[the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work]*.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

19 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.

UMKHANYAKUDE 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		1 500	1 500
Cash at bank		5 296 374	5 317 055
Total bank overdraft			(3 450 306)
Call deposits			
		5 297 874	1 868 249
The Municipality has the following bank accounts: -			
ABSA bank - Account number 40-5310-7423			
Cash book balance at the beginning of the year		8 127 014	11 593 189
Cash book balance at the end of the year		2 935 073	8 127 014
Bank statement balance at the beginning of the year		8 119 855	11 593 189
Bank statement balance at the end of the year		2 935 073	8 127 014
FIRST NATIONAL 62026865321			
Cash book balance at the beginning of the year		(3 457 465)	193 605
Cash book balance at the end of the year		1 418 710	(3 457 465)
Bank statement balance at the beginning of the year		5 670 965	193 605
Bank statement balance at the end of the year		6 766 876	5 670 965
FIRST NATIONAL 62092993809			
Cash book balance at the beginning of the year		497 182	680 962
Cash book balance at the end of the year		500 521	497 182
Bank statement balance at the beginning of the year			680 962
Bank statement balance at the end of the year			497 182
FIRST NATIONAL 62027696478			
Cash book balance at the beginning of the year		82 896	83 381
Cash book balance at the end of the year		81 970	82 896
Bank statement balance at the beginning of the year		82 896	83 381
Bank statement balance at the end of the year		81 970	82 896
ITHALA 23247671			
Cash book balance at the beginning of the year		40 913	266 745
Cash book balance at the end of the year		246 933	40 913
Bank statement balance at the beginning of the year		40 913	266 745
Bank statement balance at the end of the year		246 933	40 913
FIRST NATIONAL 62263733258			
Cash book balance at the beginning of the year		26 474	-
Cash book balance at the end of the year		27 010	26 474
Bank statement balance at the beginning of the year		26 474	
Bank statement balance at the end of the year		27 010	26 474
CASH ON HAND			
Cash book balance at the beginning of the year		41	-
Cash book balance at the end of the year		86 158	41
Bank statement balance at the beginning of the year			
Bank statement balance at the end of the year			
Cash book balance at beginning of year		5 317 055	
Cash book balance at end of year		5 296 374	5 317 055
Bank statement balance at beginning of year		-	
Bank statement balance at end of year		-	
Cash on hand		1 500	1 500
Total cash and cash equivalents		5 297 874	5 318 555
Total bank overdraft		-	-

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

	Note	2011 R	2010 R
2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances	Provision for	Net Balance
	R	Doubtful Debts	R
		R	
Trade receivables			
as at 30 June 2011			
Service debtors			
Sewerage	6 055 526	(5 344 973)	710 553
Electricity	3 230 547	(2 000 137)	1 230 410
Water	107 331 019	(78 736 609)	28 594 410
Rates	1 946 656	(594 070)	1 352 586
Total	118 563 748	(86 675 789)	31 887 959
Other receivables - refer note 6 for details	13 575 459	(7 398 060)	6 177 399
Other receivables	13 575 459	(7 398 060)	6 177 399
Total Trade and other receivables	132 139 206	(94 073 849)	38 065 357
as at 30 June 2010			
Service debtors			
Sewerage	5 146 566	(5 344 973)	(198 407)
Electricity	2 222 541	(2 000 137)	222 404
Water	82 523 214	(78 736 609)	3 786 605
Rates	848 670	(594 070)	254 600
Total	90 740 991	(86 675 789)	4 065 202
Other receivables - refer note 6 for details	14 417 391	(4 983 321)	9 434 070
Other receivables	14 417 391	(4 983 321)	9 434 070
Total Trade and other receivables	105 158 382	(91 659 110)	13 499 272
Rates: Ageing			
Current (0 – 30 days)		89 715	84 842
31 - 60 Days		89 740	84 867
61 - 90 Days		89 740	84 867
91 - 120 Days		89 740	84 867
+ 121 Days		1 587 720	509 227
Total		1 946 657	848 670
Electricity, Water and Sewerage: Ageing			
Current (0 – 30 days)		(274 444)	(741 709)
31 - 60 Days		3 611 209	2 302 110
61 - 90 Days		2 435 360	2 239 177
91 - 120 Days		2 413 847	1 700 141
+ 121 Days		108 431 119	84 392 602
Total		116 617 091	89 892 321
		0	
Summary of Debtors by Customer Classification	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
as at 30 June 2011			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			
Sub-total	-	-	-
Less: Provision for doubtful debts			
Total debtors by customer classification	-	-	-
as at 30 June 2010			
Current (0 – 30 days)			
31 - 60 Days			
61 - 90 Days			
91 - 120 Days			
121 - 365 Days			
+ 365 Days			

UMKHANYAKUDE DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
Sub-total	-	-	-
Less: Provision for doubtful debts			-
Total debtors by customer classification	-	-	-

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

	Note	2011 R	2010 R
<u>Reconciliation of the doubtful debt provision</u>			
Balance at beginning of the year		86 675 789	55 548 757
Contributions to provision			31 127 032
Doubtful debts written off against provision			
Reversal of provision			
Balance at end of year		86 675 789	86 675 789

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 20x1, R - (20x0: R -) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

- 1 month past due
- 2 months past due
- 3 months past due

Trade and other receivables impaired

As of 30 June 20x1, trade and other receivables of R - (20x0: R -) were impaired and provided for.

The amount of the provision was R - as of 30 June 20x1 (20x0: R -).

The ageing of these receivables is as follows:

- 3 to 6 months
- Over 6 months

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

3 VAT RECEIVABLE

Vat Receivable		246 463	
Total Other Debtors		-	246 463

4 INVENTORIES

Opening balance of inventories:		350 365	1 204 803
Water - at cost		57 784	1 119 025
Water Meters - at cost		292 581	85 778
Additions:		4 030	
Water		4 030	
Issued (expensed):		(292 581)	854 438
Water - at cost		-	1 061 241
Water Meters - at cost		(292 581)	(206 803)
Closing balance of inventories:		61 814	350 365
Water - at cost		61 814	57 784
Water Meters - at cost		-	292 581

5 INVESTMENTS

ABSA call - Account number 91 1531 5268		1 787 200	11 192 933
First National Bank call - Account number			
ABSA call - Account number		40 000 000	
First National Bank call - Account number		30 000 000	
First National Bank call - Account number		5 180 662	
Nedbank Investment Call - Account number		45 633 884	
		122 601 745	11 192 933

UMKHANYAKUDE DISTRICT MUNICIPALITY
NOTES TO THE FINANANCIAL STATEMENTS
for the year ended 30 June 2011

	Note	2011 R	2010 R
6 NON-CURRENT RECEIVABLES			
Car loans		69 939	69 939
Umhlabuyalingana Loan		2 090 006	2 090 006
AVIS Loan		242 792	254 792
Councillors & Staff		51 656	51 656
Debtor Fraud		3 805 917	3 805 917
Shemula		2 730	2 730
Land rates debtors			1 855 378
Mtuba Water		6 730 049	5 704 603
Mhlathuze Water		345 633	345 633
Pre- paid expense		100 000	100 000
Ocilwane water		136 736	136 736
Other non-current receivables			
Total		13 575 459	14 417 391

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

7 PROPERTY, PLANT AND EQUIPMENT

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		21 535 869	1 038 786 305	11 034 839	-	3 826 100	1 305 222	1 076 488 335
Cost/Revaluation		24 041 800	1 240 759 309	12 261 944	-	18 906 903	4 851 425	1 300 821 381
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses		(2 505 931)	(201 973 004)	(1 227 105)	-	(15 080 803)	(3 546 203)	(224 333 046)
Acquisitions		-	-	-	-	154 028	-	154 028
Capital under Construction		-	226 330 666	-	-	-	-	226 330 666
Depreciation		-	-	-	-	-	-	-
Carrying value of disposals		-	(181 756 416)	-	-	-	-	(181 756 416)
Cost/Revaluation		-	(181 756 416)	-	-	-	-	(181 756 416)
Accumulated depreciation and impairment losses		-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss		-	-	-	-	-	-	-
Transfers		-	-	-	-	-	-	-
Other movements*		-	-	-	-	-	-	-
as at 30 June 2011		21 535 869	1 083 360 555	11 034 839	-	3 980 128	1 305 222	1 121 216 614
Cost/Revaluation		24 041 800	1 285 333 559	12 261 944	-	19 060 931	4 851 425	1 345 549 660
Accumulated depreciation and impairment losses		(2 505 931)	(201 973 004)	(1 227 105)	-	(15 080 803)	(3 546 203)	(224 333 046)

*Other movements consist of

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

[App B!A1](#)

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

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	9 000	22 079 000	1 006 712 366	11 213 458	-	5 302 023	2 369 489	1 047 685 336
Cost/Revaluation	9 000	24 041 800	1 164 339 092	12 261 944	-	18 367 733	5 962 864	1 224 982 433
Correction of error (note 48)								-
Change in accounting policy (note 47)								-
Accumulated depreciation and impairment losses	-	(1 962 800)	(157 626 726)	(1 048 486)	-	(13 065 710)	(3 593 375)	(177 297 097)
Acquisitions	-	-	40 661	-	-	371 268	9 038	420 967
Capital under Construction	-	-	76 379 556	-	-	-	-	76 379 556
Depreciation	-	(543 131)	(44 346 278)	(178 619)	-	(1 842 564)	(1 064 267)	(47 974 859)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	167 902	(1 111 439)	(943 537)
Accumulated depreciation and impairment losses	-	-	-	-	-	(167 902)	1 111 439	943 537
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2010	-	21 535 869	1 038 786 305	11 034 839	-	3 826 100	1 305 222	1 076 488 335
Cost/Revaluation	-	24 041 800	1 240 759 309	12 261 944	-	18 906 903	4 851 425	1 300 821 381
Accumulated depreciation and impairment losses	-	(2 505 931)	(201 973 004)	(1 227 105)	-	(15 080 803)	(3 546 203)	(224 333 046)

*Other movements consist of

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

[App B!A1](#)

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

8 INTANGIBLE ASSETS

Reconciliation of carrying value	Computer Software	Other*	Total
	R	R	R
as at 1 July 2010	43 410	-	43 410
Cost	657 443		657 443
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	(614 033)		(614 033)
Acquisitions			-
Amortisation			-
Carrying value of disposals	-	-	-
Cost			-
Accumulated amortisation			-
Impairment loss/Reversal of impairment loss			-
Transfers			-
Other movements			-
as at 30 June 2011	43 410	-	43 410
Cost	657 443		657 443
Accumulated amortisation and impairment losses	(614 033)		(614 033)

*Note: "Other" consists of....., none of which are considered to be individually significant or material.

Reconciliation of carrying value	Computer Software	Other*	Total
	R	R	R
as at 1 July 2009	19 870	-	19 870
Cost	614 787		614 787
Correction of error (note 48)			-
Change in accounting policy (note 47)			-
Accumulated amortisation and impairment losses	(594 917)		(594 917)
Acquisitions	42 656		42 656
Amortisation	(19 116)		(19 116)
Carrying value of disposals	-	-	-
Cost			-
Accumulated amortisation			-
Impairment loss/Reversal of impairment loss			-
Transfers			-
Other movements			-
as at 30 June 2010	43 410	-	43 410
Cost	657 443		657 443
Accumulated amortisation and impairment losses	(614 033)		(614 033)

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
9	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade creditors	39 455 645	40 210 706
	Payments received in advance	5 014	5 014
	Unallocated deposits	770 273	
	Retentions	7 252 990	7 458 120
	Bonus Pay Accrual	1 432 823	842 700
	Unallocated deposits	1 346 301	
	Other creditors	1 223 130	10 804 435
	Total creditors	51 486 174	59 320 975
	The fair value of trade and other payables approximates their carrying amounts.		
10	CONSUMER DEPOSITS		
	Jozini - Water Debtors	490 733	433 617
	Mtubatuba - Water Debtors	298 199	279 124
	Total consumer deposits	788 932	712 741
	Included in deposits is an accrual of interest at an effective interest rate of x% per annum (20X0 x%) which is paid to consumers when deposits are refunded.		
	Guarantees held in lieu of Electricity and Water Deposits		
11	VAT PAYABLE		
	VAT payable	2 533 741	
	VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
12			
PROVISIONS			
Provision for leave		3 310 649	2 877 512
Back pay provision		1 103 236	
Total Provisions		4 413 886	2 877 512
Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date and no present obligation exist.			
The movement in current provisions are reconciled as follows: -			
	Back Pay Provision	Performance Bonus	Provision for leave
as at 1 July 2010		397 980	2 067 127
Contributions to provision	1 103 236		1 243 522
Expenditure incurred		(397 980)	
as at 30 June 2011	1 103 236	-	3 310 649
as at 1 July 2009		788 598	1 792 706
Contributions to provision			
Expenditure incurred		(390 618)	274 421
as at 30 June 2010	-	397 980	2 067 127
13			
UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
Unspent Conditional Grants from other spheres of Government			
Conditional Grants from Other Spheres of Government		109 263 908	33 441 012
Other		18 278 783	14 076 865
Other			
Other Unspent Conditional Grants and Receipts			
Other			
Other			
Total Unspent Conditional Grants and Receipts		127 542 691	47 517 877
Non-current unspent conditional grants and receipts		127 542 691	47 517 877
Current portion of unspent conditional grants and receipts			
See Note 31 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.	Notes15-61/IA291		

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011 R	2010 R
14			
BORROWINGS			
Development Bank of South Africa		12 229 793	12 595 465
Annuity Loans			
Government Loans : Other			
Other borrowings			
		12 229 793	12 595 465
Less : Current portion transferred to current liabilities		-	(2 097 707)
Development Bank of South Africa			(2 097 707)
Annuity Loans			
Government Loans : Other			
Other borrowings			
Total borrowings		12 229 793	10 497 758
Refer to Appendix A for more detail on borrowings.	App A\IA1		
15			
FINANCE LEASE LIABILITY			
2011	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R	R	R
Within one year			
Within two to five years			
	-	-	-
Less: Amount due for settlement within 12 months (current portion)			
The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. 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	Minimum lease payment	Future finance charges	Present value of minimum lease payments
Amounts payable under finance leases	R	R	R
Within one year	1 238 973	(230 002)	1 008 971
Within two to five years	344 773		344 773
	1 583 746	(230 002)	1 353 744
Less: Amount due for settlement within 12 months (current portion)			(1 066 680)
			287 064
The average lease term is x years and the average effective borrowing rate is x%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms and other escalate between x% per annum. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
16			
PROPERTY RATES			
Actual			
Residential			48 308
Commercial		963 145	360 088
Light Industries			
Heavy Industries			
State			336 052
Total property rates		963 145	744 448
Property rates - penalties imposed and collection charges			
Total		963 145	744 448
Valuations on land and buildings are performed every four years. The last			
A general rate randage of R0.0025 to property valuations relating to Agricultural and a general rate randage of R0.01 is applied to all other property valuations to determine assessment rates. Rates are levied on a monthly basis on property owners.			
Interest at prime is levied on outstanding rates, since 01 July 2010.			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
17			
SERVICE CHARGES			
Sale of electricity		5 017 085	1 186 426
Sale of water		36 934 733	29 494 301
Refuse removal		-	-
Sewerage and sanitation charges		1 429 811	937 260
Total Service Charges		43 381 630	31 617 987
18			
RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		167 446	70 865
Total rentals		167 446	70 865
19			
INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		4 797 056	700 696
Financial assets		-	-
Other		-	108 762
Total interest		4 797 056	809 458
20			
GOVERNMENT GRANTS AND SUBSIDIES			
Equitable share		133 128 378	105 880 714
MIG Grant		-	-
Other Government Grants and Subsidies		55 853 773	5 384 687
Total Government Grant and Subsidies		188 982 151	111 265 401
20.1			
Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of Rx (20X0; Rx), which is funded from the grant.		133 128 378	105 880 714
20.2			
MIG Grant			
Balance unspent at beginning of year		-	-
Current year receipts		109 263 908	-
Conditions met - transferred to revenue		-	-
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	109 263 908	-
<i>Provide explanations of conditions still to be met and other relevant information</i>			
20.3			
Other Government Grants and Subsidies			
Balance unspent at beginning of year		14 076 865	-
Current year receipts		60 055 691	19 461 552
Conditions met - transferred to revenue		(55 853 773)	(5 384 687)
Conditions still to be met - remain liabilities (see note 21)	Notes15-61\A124	18 278 783	14 076 865
<i>Provide explanations of conditions still to be met and other relevant information</i>			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
21			
OTHER INCOME			
Other income			632 579
Tender monies		31 798.24	
Casino levy income		2 909.63	
Insurance claim refunds		1 123.10	
Schemes Chemicals 7 Purification		42 880.00	
Security		15 636.50	
Educational bursaries		15 600.00	
Repair & Maintenance Council homes		221 964.67	
Total Other Income		331 912	632 579
22			
EMPLOYEE RELATED COSTS		59 220 840	53 477 154
Basic		38 852 257	33 983 462
Bonus			(397 980)
Medical Aid - company Contributions		1 830 079.31	1 521 332
UIF		315 879	298 549
WCA			215 602
SDL		443 121	404 600
Other payroll Levies			14 716
Leave pay provision charges		869 055	1 209 564
Pension		4 614 550	4 134 095
Other allowances		318 750	716 647
Industrial Council			15 034
Cell phone allowances			655 053
Overtime payments		2 064 545	2 371 793
Car allowances		4 269 064	3 688 376
Housing benefits and allowances		135 196	458 547
Group Life		703 031	
Termination benefits			638 368
Employee Related Costs		55 085 615	49 257 671
There were no advances to employees / Loans to employees are set out in note 3.			
Remuneration of the Municipal Manager			
Annual Remuneration		887 201	582 783
Cell allowance		19 447	26 945
Housing allowance		7 800	15 205
Travel allowance and claims		74 299	46 920
Subsistence			926
Back pay			65 417
Contributions to UIF, Medical and Pension Funds		34 511	53 858
Total		1 023 258	792 054
Remuneration of the Chief Finance Officer			
Annual Remuneration		474 000	558 949
Cell allowance		7 200	9 600
Leave pay			59 617
Housing allowance			
Travel allowance and claims		56 250	199 698
Subsistence			155
Back pay			30 094
Contributions to UIF, Medical and Pension Funds		39 726	167 656
Total		577 176	1 025 769
Remuneration of Individual Executive Directors			
	Technical Services	Corporate Services	Planning and Tourism
	R	R	R
2011			
Annual Remuneration	495 981	580 754	548 303
Performance bonus			
Housing allowance			26 400
Travel allowances and claims	219 112	79 424	148 827
Acting allowance			
Total	869 601	795 145	870 045
	Technical Services	Corporate Services	Planning and Tourism
	R	R	R
2010			
Annual Remuneration	289 322	555 919	454 196
Cell allowance	5 600	9 600	12 175
Performance bonus			
Housing allowance			26 400
Travel allowances and claims	110 427	26 852	234 603
Contributions to UIF, Medical and Pension Funds	83 581	127 883	132 624
Subsistence allowance	504	121 271	
Back pay		105	30 094
Acting allowance			105 915

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011 R	2010 R
Total		489 434	841 630
23			1 070 596
REMUNERATION OF COUNCILLORS			
Executive Mayor		359 307	384 616
Deputy Mayor, speaker and EXCO members		1 255 989	1 137 853
Councillors		1 804 033	948 386
Councillors' allowances		96 884	
Total Councillors' Remuneration		3 516 213	2 470 855
In-kind Benefits			
The Executive Mayor, Deputy Executive 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 Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost. The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has x full-time bodyguards.			
24			
DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment			
Intangible assets			
Investment property carried at cost			
Biological assets carried at cost			
Total Depreciation and Amortisation		-	-
25			
FINANCE COSTS			
Borrowings			
Other interest paid		1 070 281	1 985 267
Bank overdrafts			23 966
Total Finance Costs		1 070 281	2 009 233
26			
BULK PURCHASES			
Electricity			4 148 131
Water		28 465 911	48 079 326
Total Bulk Purchases		28 465 911	52 227 457
27			
CONTRACTED SERVICES			
Contracted services for:			
Office equipment		2 831 759	120 249
		2 831 759	120 249
28			
GRANTS EXPENDITURE			
Grant Expenditure			
CORRIDOR DEVELOPMENT		140 000	
DC27 5700725574		561 164	
DC27 7155348610		8 948	
DC27 BOOSTER PUMP STATION		2 009	
DC27 BOREHOLE POLE NO PT 713 TW78		18 558	
DC27 HONEY DALE TOWNSHIP		4 435	
DC27 LANDRATE (IDENTIFY THE PRE ID NUMBER)		9 230	
DC27 MKT 2529 WATER PURIFICATION-CANAL		450 342	
DC27 MTBR 3204 MAINSIC 4 200 (UMDM)		24 219	
DC27 MTBR 3204 MAINSIC 4 200 (UMDM)		37 522	
DC27 NDOMBENI RESERVE		5 520	
DC27 OQAKWINI WATER		9 685	
DC27 TOWN WATER PUMP		6 334	
DC27 UMDM CONNECTION FEE PH3		8 772	
DC27 UMDM WATER WORKS		301 295	
DC27 WATER POINT FOR COMMUNITY USAGE		15 838	
DC27 WATER PUMP STA AT HOSPITAL		4 643	
DISASTER MANAGEMENT		7 157 668	5 681 016
DISASTER MANAGEMENT - GRANT EXPENDITURE		7 273	
Electricity schemes & buildings			5 145 093
ELECTRICITY PLANTS		320 360	
ELECTRICITY PLANTS		5 935 328	
OTHER			4 676 654
ENVIRONMENTAL MANAGEMENT GRANT EXPENDITURE		10 885	
GRANT TRANSFERS:UMHLOSINGA DEVELOPMENT AGENCY		150 000	
INTERGOV RELATIONS IMPLEMENTATION		10 885	
K1271 PUMP M AT SHEMULA		1 187 427	
K2271 ENKANYEZINI PUMP SUPPLY		32 895	
K2271 ENKANYEZINI PUMP SUPPLY		27 941	
K2271 KWANGWANASE BOREHOLE		12 464	
K2271 KWASHENGEZA LAKE		1 193	
K2271 LAKE TETE TOURISM		9 888	
K2271 MANGUZI PURIFICATION PLANT		25 864	
K2271 MANGUZI SEWERAGE		507	
K2271 MANGUZI SEWERAGE		29 208	
K2271 MBAZWANA		86 457	
K2271 MBAZWANA MULTI PURPOSE COMMUNITY CENTRE		35 616	
K2271 MKT1495 KWANGWANASE BOREHOLE		26 284	
K2271 MSELENI WATER PROJECT		1 144	
K2271 PUMP M AT SHEMULA		1 187 427	
K2271 PUMP SUPPLY AT MASELENI MAKHATHINI RURAL		213 039	
K2271 SITE AT NTSHONGENI AREA GEDLEZA		4 351	

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011 R	2010 R
KZ272 AMANZI RES CAMP SITE MAKHATHINI RURAL		8 455	
KZ272 BLACKIE-DAM MAKHATHINI RURAL		126 406	
KZ272 BOOSTER PUMP STATION BETHESDA HOSP MKUZE		71 632	
KZ272 BSOUTH SERVICE CENTRE MAKHATHINI RURAL		13 263	
KZ272 LAKE SIBAYA MAKHATHINI RURAL		58 747	
KZ272 MAKHATHINI RURAL LAKE TETE TOURISM		96 688	
KZ272 MAKHATHINI RURAL MKT 1794		12 632	
KZ272 MAMFENE PUMPSTATION MAKHATHINI		82 545	
KZ272 MKT 3184 BOREHOLE AT MTHUNZINI AREA		1 658	
KZ272 MKUZE RETICULATION		195	
KZ272 MUNICIPAL OFFICES MKUZE		266 544	
KZ272 NTSHONGWENI AREA (GEDLEZA)		4 527	
KZ272 NYAWOSHANE WATER SCHEME		8 446	
KZ272 OTHOBOTHINI PUMP STATION		71 785	
KZ272 PUMP B OTHOBOTHINI AREA		36 325	
KZ272 PUMPSTATION NO.1 MAKHATHINI RURAL		54 205	
KZ272 PUMPSTATION NO.3 MAKHATHINI RURAL		60 075	
KZ272 QONDILE GUJINI WATER COMMITTEE MAKHATHINI		10 543	
KZ272 THANDIZWE SUB WARD MAKHATHINI RURAL		25 825	
KZ272 UMDM WATER WORKS JOZINI		347 899	
KZ272 WATER PUMP 2 HLABISA NONGOMA		15 690	
KZ272 WATER PUMP-INGWAVU MA MAKHATHINI RURAL		5 774	
KZ272 WATER SUPPLY INHLWATHI RES HLUHLUWE		16 201	
KZ272 WATER WORKS JOZINI TOWN		190 423	
KZ272 WATER WORKS JOZINI TOWN 2		77 267	
KZ273 EZIBAYENI WATER PROJECT		404	
KZ273 EZIBAYENI WATER PROJECT		17 450	
KZ273 EZIBAYENI WATER PROJECT 1		22 468	
KZ273 EZIBAYENI WATER PROJECT 2		25 894	
KZ273 EZIBAYENI WATER PROJECT 3		24 578	
KZ273 EZIBAYENI WATER PROJECT 4		1 984	
KZ273 EZIBAYENI WATER PROJECT HLUHLUWE		34 204	
KZ273 MAKHASA SPORTS COMPLEX		62 100	
KZ273 NEAR HLUHLUWE DAM RURAL 27		799 589	
KZ273 NIBELA BOREHOLE HLUHLUWE		7 899	
KZ273 PUMP ON LOT 61 HLUHLUWE		6 282	
KZ273 WELLFIELD BOREHOLE (UMDM)		8 558	
KZ274 GULAMANSIYA BOREHOLE		6 139	
KZ274 HLABISA PURIFICATION PLANT		3 071	
KZ274 MATSHAMLOPHE WATER PROJECT		4 677	
KZ274 MPELENYANE HLABISA AREA WATER PUMP		23 344	
KZ274 OPHAPHASI BOREHOLE		11 508	
KZ274 SOMILE		11 076	
KZ274 UMDM GLENPARKS ESTATE NO.13069 HLABISA		317 288	
KZ274 WATER PUMP AT HLABISA NONGOMA RURAL		5 613	
KZ274 WATER PUMP IN HLABISA NONGOMA		8 427	
KZ274 WATER PUMP MPEMBENI NONGOMA		7 807	
KZ275 DONDOTHA BOREHOLE		23 065	
KZ275 EKUPHELENI BOREHOLE		21 813	
KZ275 GEZISA PUMPSTATION IN MANGUZI		49 944	
KZ275 KWAMSANE		26 100	
KZ275 KWAMSANE RESERVE OXIDATION PUMP		8 604	
KZ275 MFEKAYI WATER MTUBA		880	
KZ275 MTBR 3199 MAHAYE PUMP STATION		65 581	
KZ275 NKOKOKOTHO PUMP STATION IN UMFOLOZI RIVER		152 378	
KZ275 NOMATHIYA SCHOOL RESERVOIR		4 230	
KZ275 POINT NO.3 170 ST LUCIA		16 264	
KZ275 SEWER PUMP STATION 2 MTUBATUBA		6 328	
KZ275 SEWER PUMP STATION 3 MTUBATUBA		6 863	
KZ275 SEWER PUMP STATION MTUBA		27 474	
KZ275 SEWERAGE PUMP NO.4 ST LUCIA		10 134	
KZ275 SOMILE WATER PROJECT MADWALENI AREA		9 127	
KZ275 SOMKHELE WATER PROJECT		1 901	
KZ275 ST LUCIA PUMP NO.2		7 023	
KZ275 ST LUCIA PUMP STATION NO.2		8 738	
KZ275 ST LUCIA PUMP STATION NO.5		743	
KZ275 ST LUCIA SEWER NETWORKS MTUBA		11 158	
KZ275 ST LUCIA SEWERAGE DISINFECTANT PUMP		53 759	
KZ275 ST LUCIA WASTE TRANSFER STATION		10 880	
KZ275 VULAMEHLO PUMP STATION MTUBA		330 532	
KZ275 WASTEWATER TREATMENT WORKS MTUBA		211 734	
KZ275 WATER PUMP IN MSELONI MAKHATHINI RURAL		38 476	
MSIG OPERATIONAL COSTS		194 497	
SHARED SERVICES		18 388	
SUPPORT AND DEVELOPMENT CAPACITY		455 606	
GRANT EXPENDITURE PER AFS		22 928 943	15 502 763

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
29			
GENERAL EXPENSES			
Included in general expenses are the following:-			
Accounting Fees			1 788 449
Advertising		77 331	2 738 292
Arts & Culture		186 687	
Audit fees		1 765 507	325 044
Internal Audit		775 445	
Audit Committee fees		69 130	
Bank charges		308 026	328 888
Burial aid		20 692	
Chemicals and diesel			593 176
Cleaning		22 547	160 878
Community development and training			1 312 616
Community participation		32 919	
Consulting and professional fees			537 949
Disaster management			
Electricity Connections		42 652	
Entertainment		1 030	2 874 609
Fuel and oil		107 756	1 402 854
IDP Roadshows		23 400	
Insurance			1 333 039
Interview expenses		20 946	
Lease payments		3 588 974	
Legal expenses		1 271 277	
Membership fees		6 160	422 796
Licence fees - vehicles		184 206	
Medical Examinations		1 400	
Mayoral discretionay fund		158 000	
New connections			254 694
Old age pensioners		335 711	
Other		1 911	3 122 958
Postage		2 506	513
Printing and stationery		105 027	706 696
Promotions and sponsorship			453 427
Protective clothing & Uniforms		119 712	
Rental of buildings		59 655	
Security costs		1 061 142	1 351 214
Skills development levies			
System support		184 184	464 954
Small tools		3 065	5 562
Sports DC 27		878 562	
Staff welfare			52 240
Subscription & publication			221 876
Telephone cost		1 392 409	2 579 870
Tourism development			534 860
Tourism information centres		200	
Training		73 830	165 614
Travel and subsistence		1 750 772	3 833 680
Valuation costs		1 555	
Water and Sanitation			
30	-	14 634 325	27 566 748
GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		474 003	
Intangible assets			
Investment property			
Biological assets			
Other financial assets			
Total Gain / (Loss) on Sale of Assets		474 003	-

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
31			
IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)			
Property, plant and equipment			
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]			
Intangible assets			
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]			
Investment property			
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]			
Biological assets			
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]			
Other financial assets			
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount (or recoverable service amount) of the asset was based on its fair value less costs to sell or [its value in use.]			
Total Impairment loss / (Reversal of Impairment Loss)		-	-
Value in use			
Provide: A description of each key assumption on which management has based its cash flow projections for the period covered by the most recent budgets/forecasts. Key assumptions are those to which the unit's (group of units) recoverable amount (or recoverable service amount) is most sensitive.			
A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.			
The period over which management has projected cash flows based on financial budgets/forecasts approved by management and, when a period greater than five years is used for a cash-generating unit (group of units), an explanation of why that longer period is justified.			
The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent budgets/forecasts, and the justification for using any growth rate that exceeds the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market to which the unit (group of units) is dedicated.			
The discount rate(s) applied to the cash flow projections was x% (20x0:x%).			
Fair value less cost to sell			
Provide: A description of the methodology used to determine fair value less costs to sell. If fair value less costs to sell is not determined using an observable market price for the unit (group of units), the following information shall also be disclosed:			
A description of each key assumption on which management has based its determination of fair value less costs to sell.			
A description of management's approach to determining the value(s) assigned to each key assumption, whether those value(s) reflect past experience or, if appropriate, are consistent with external sources of information, and, if not, how and why they differ from past experience or external sources of information.			
Sensitivity of key assumptions			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
32			
PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT			
Investment property carried at fair value			
Biological assets carried at fair value			
Other financial assets			
Other financial liabilities			
Total Profit / (Loss) on Fair Value Adjustment		-	-
33			
CASH GENERATED BY OPERATIONS			
Surplus/(deficit) for the year		109 414 969	(8 315 761)
Adjustment for:-			
Depreciation and amortisation		-	47 998 606
(Gain) / loss on sale of assets		474 003	-
Contribution to provisions - non-current		(397 980)	
Contribution to provisions - current			
Finance costs			
Fair value adjustments			
Impairment loss / (reversal of impairment loss)			
Other non-cash item			
Operating surplus before working capital changes:		109 490 992	39 682 845
(Increase)/decrease in inventories		288 552	
(Increase)/decrease in trade receivables			
(Increase)/decrease in other receivables		(27 822 757)	
(Increase)/decrease in VAT receivable		246 463	
Increase/(decrease) in conditional grants and receipts		80 024 814	
Increase/(decrease) in trade payables		(7 834 796)	
Increase/(decrease) in consumer deposits			
Increase/(decrease) in VAT payable			
Other asset			
Other liability			
Cash generated by/(utilised in) operations		154 393 268	39 682 845
34			
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		5 297 874	5 318 555
Bank overdrafts		-	
Net cash and cash equivalents (net of bank overdrafts)		5 297 874	5 318 555
35			
UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION			
Long-term liabilities (see Note 22)	Notes15-61\A135		
Used to finance property, plant and equipment – at cost			
Sub- total			
Cash set aside for the repayment of long-term liabilities			
Cash invested for repayment of long-term liabilities			
Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
36			
	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED		
36.1	Unauthorised expenditure		
	Reconciliation of unauthorised expenditure		
	Opening balance	102 962 130	55 468 471
	Unauthorised expenditure current year		47 493 659
	Approved by Council or condoned		-
	Transfer to receivables for recovery		-
	Unauthorised expenditure awaiting authorisation	102 962 130	102 962 130
30.2	Fruitless and wasteful expenditure		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance -	950 146	206 944
	Fruitless and wasteful expenditure current year		743 202
	Condoned or written off by Council		
	To be recovered – contingent asset (see note 55)	Notes15-61/A883	
	Fruitless and wasteful expenditure awaiting condonement	950 146	950 146
50.3	Irregular expenditure		
	Reconciliation of irregular expenditure		
	Opening balance	35 492 924	34 016 666
	Fruitless and wasteful expenditure current year		1 476 258
	Condoned or written off by Council		
	Transfer to receivables for recovery – not condoned		
	Irregular expenditure awaiting condonement	35 492 924	35 492 924

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
37	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
37.1	Contributions to organised local government		
	Opening balance		
	Council subscriptions		
	Amount paid - current		
	Amount paid - previous years		
	Balance unpaid (included in payables)	-	-
37.2	Audit fees		
	Opening balance		
	Current year audit fee	1 765 507	325 044
	Amount paid - current year	(1 765 507)	(325 044)
	Amount paid - previous years		
	Balance unpaid (included in payables)	-	-
	The balance unpaid represents the audit fee for an interim audit conducted during May and June 20X2 and is payable by 31 July 20X2.		
37.3	VAT		
	VAT input receivables and VAT output payables are shown in note 18. All VAT returns have been submitted by the due date throughout the year.		
37.4	PAYE and UIF		
	Opening balance		
	Current year payroll deductions		6 565 756
	Amount paid - current year		(6 565 756)
	Amount paid - previous years		
	Balance unpaid (included in payables)	-	-
	The balance represents PAYE and UIF deducted from the June 20X2 payroll. These amounts were paid during July 20X2 .		
37.5	Pension and Medical Aid Deductions		
	Opening balance		
	Current year payroll deductions and Council Contributions	6 444 629	9 570 189
	Amount paid - current year	(6 444 629)	(9 570 189)
	Amount paid - previous years		
	Balance unpaid (included in payables)	0	-
	The balance represents pension and medical aid contributions deducted from employees in the June 20X2 payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 20X2 .		
37.6	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		
	Councillor xx	-	
	Councillor xx	-	
	Councillor xx	-	
	Total Councillor Arrear Consumer Accounts	-	-
	as at 30 June 2010		
	Councillor xx	-	
	Councillor xx	-	
	Councillor xx	-	
	Total Councillor Arrear Consumer Accounts	-	-
	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		
	Councillor xx		x days
	Councillor xx		x days
	as at 30 June 2010		
	Councillor xx		x days

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
Councillor xx			x days
37.7			
Non-Compliance with Chapter 11 of the Municipal Finance Management Act			
The Municipality has not developed a supply chain management policy due to (reason)			
38			
CAPITAL COMMITMENTS			
38.1			
Commitments in respect of capital expenditure			
- Approved and contracted for		-	157 005 000
Infrastructure			120 225 023
Community			4 770 702
Heritage			
Other			32 009 275
- Approved but not yet contracted for		-	-
Infrastructure			
Community			
Heritage			
Other			
Total		-	157 005 000
This expenditure will be financed from:			
- External Loans			
- Government Grants MIG			157 005 000
- Own resources			
- District Council Grants			
		-	157 005 000
38.2			
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			
In the second to fifth year inclusive			
After five years			
Total		-	-
Total future minimum sublease payment expected to be received under non-cancellable sublease			
Operating Leases consists of the following:			
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable / Contingent rent is payable based on x% of the municipality's sales.			
Operating leases – as lessor			
Minimum lease payments due			
Within one year			3 579
In second to fifth year inclusive			2 088
After five years			
Total		-	5 667
Operating Leases consists of the following:			
Certain of the municipality's equipment is held to generate rental income. Rental of equipment is expected to generate rental yields of -% on an ongoing basis. Lease agreements are non-cancellable and have terms from 3 to 6 years. There are no contingent rents receivable / Contingent rent is receivable based on x% of the municipality's sales which amounts to R -.			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
39			
	RETIREMENT BENEFIT INFORMATION		
39.1			
	Defined contribution plan		
	The following are defined contribution plans: These contributions have been expensed.		
40			
	CONTINGENT LIABILITY		
54.1			
	Claim for damages		
	The Municipality is being sued by a ratepayer due to damages arising from flooding. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of Rxx. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from xxx		
54.2			
	Performance bonus dispute – Legal fees		
	Several senior officials are disputing the assessment process regarding the payment of performance bonuses. Provision has been made for the payment of the bonuses as assessed by the Municipality. The claim is being considered by the labour court after the CCMA ruled in favour of the Council.		
41			
	CONTINGENT ASSET		
	Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 50.2, civil proceedings have commenced against the employees concerned to recover an amount of Rxxx. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.	Notes15-61!A70Z	
42			
	IN-KIND DONATIONS AND ASSISTANCE		
	The Municipality received the following in-kind donations and assistance		
	Description		
	E.g. Development of Integrated Development Plan by donor agency		
43			
	RELATED PARTIES		
	Joint Ventures	<i>insert related party description</i>	
	Associates	<i>insert related party description</i>	
	Members of key management	<i>insert related party description</i>	
	Close family member of key management	<i>insert related party description</i>	
	Post employment benefit plan for employees of municipality and/or other related parties	<i>insert related party description</i>	
	Other related party relationships	<i>insert related party description</i>	
	Compensation to councillors and other key management (refer to note 33 & 34)		

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
Related party balances			
Loan accounts - Owing (to) by related parties			
<i>Municipal Entity - Umhloosiga Development Agency</i>			
Amounts included in Trade receivable (Trade payable) regarding related parties			
<i>insert related party</i>			
Related party transactions			
Expenses paid on behalf of related party			
<i>Telephone</i>		-	-
Salary Cost of seconded Chief Financial Officer			603 027
<i>insert related party</i>			
Purchases from (sales to) related parties			
<i>insert related party</i>			
44			
EVENTS AFTER THE REPORTING DATE			
The Municipality has agreed in principle to transfer its electricity function to the new Regional Electricity Distributor (RED) - Region AB. The date of transfer is proposed for xxx. The financial effect of this transfer is not yet known as the Municipality is uncertain as to what its share of the revenue of the RED will be or what the terms and conditions of the transfer will be. There are ongoing discussions with the management of RED - Region AB and EDI Holdings, which is the responsible authority for the implementation of REDS nationally.			
45			
KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS			
The following areas involve a significant degree of estimation uncertainty:			
Useful lives and residual values of property, plant, and equipment			
Recoverable amounts of property, plant and equipment			
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)			
Present value of defined benefit obligation			
Fair value of plan assets			
Provision for doubtful debts			
Impairment of assets			
Provision for long-term service award			
Other			
The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:			
Impairment of assets			
Provisions			
Other			
46			
RISK MANAGEMENT			
60.1			
Maximum credit risk exposure			
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.			
Trade receivables comprise a widespread customer base.			
Financial assets exposed to credit risk at year end were as follows:			
FNB Bank			6 924 725
ABSA Bank			19 312 808
Ithala Bank			40 913
Financial guarantees			
Trade and other receivables			
These balances represent the maximum exposure to credit risk.			

UMKHANYAKUDE DISTRICT MUNICIPALITY			
NOTES TO THE FINANCIAL STATEMENTS			
for the year ended 30 June 2011			
	Note	2011	2010
		R	R
	The municipality is exposed to a number of guarantees for the overdraft facilities of Group companies and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note (N#) for additional details.		
60.2	Liquidity risk		
	The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.		
	Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.		
	The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.		
	20x1	Not later than one month	Later than one month and not later than three months
	Gross finance lease obligations		
	Borrowings		
	Trade and other payables		
	Other		
	20x1	Later than three months and not later than one year	Later than one year and not later than five years
	Gross finance lease obligations		
	Borrowings		
	Trade and other payables		
	Other		
	20x0	Not later than one month	Later than one month and not later than three months
	Gross finance lease obligations		
	Borrowings		
	Trade and other payables		
	Other		
	20x0	Later than three months and not later than one year	Later than one year and not later than five years
	Gross finance lease obligations		
	Borrowings		
	Trade and other payables		
	Other		
60.3	Interest rate risk		
	As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
	OR		
	The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.		
	At year end, financial instruments exposed to interest rate risk were as follows:		
	- Call deposits		
	- Notice deposits		
	- Long term annuity		
	- Development Bank of South Africa loan		
	- ABSA overdraft		
60.4	Other price risk		
	Examples include changes in commodity prices		
47	RESTATEMENT OF COMPARATIVE INFORMATION		
	Provision for leave and bonuses have been reclassified as accruals. The effect of the restatement is summarised below:		
	Statement of Financial Position:		
	Provisions		
	Accruals - leave		
	Accruals - bonuses		-
48	COMPARISON WITH THE BUDGET		

UMKHANYAKUDE DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2011

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30	Received	Redeemed /	Balance at 30	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			June 2010	during the period	written off during the period	June 2011		
			R	R	R	R	R	R
LONG-TERM LOANS	100958	31/03/2025	12 429 555			12 429 555		
DDSA Loan						-		
Stock Loan @ x% 2						-		
Stock Loan @ x% 3						-		
Stock Loan @ x% 4						-		
Stock Loan @ x% 5						-		
Stock Loan @ x% 6						-		
Stock Loan @ x% 7						-		
Stock Loan @ x% 8						-		
Total long-term loans			12 429 555	-	-	12 429 555		
ANNUITY LOAN								
Sanlam @ x%								
GOVERNMENT LOANS								
DDSA Loan	12381	31/12/2009	165 910			165 910		
Total Government Loans								
			12 595 465	-	-	12 595 465		
TOTAL EXTERNAL LOANS								

Finance Lease Liability	Canon IR 1570	6 039.00	6 039
Finance Lease Liability	Gestetner Server & Software	246 928.00	246 928
Finance Lease Liability	Nashua Hi-path 3800	256 033.00	256 033
Finance Lease Liability	Bizhub 420	95 199.00	95 199
Finance Lease Liability	Bizhub 920	66 089.00	66 089
Finance Lease Liability	Bizhub 350	12 886.00	12 886
Finance Lease Liability	NRB 44368	15 816.00	15 816
Finance Lease Liability	NRB 45689	43 278.00	43 278
Finance Lease Liability	NRB 44371	14 214.00	14 214
Finance Lease Liability	NRB 44369	15 415.00	15 415
Finance Lease Liability	NRB 44367	14 202.00	14 202
Finance Lease Liability	NRB 44373	14 901.00	14 901
Finance Lease Liability	NRB 44372	17 641.00	17 641
Finance Lease Liability	NRB 33625	22 270.00	22 270
Finance Lease Liability	NRB 32019	29 128.00	29 128
Finance Lease Liability	NRB 14593	25 751.00	25 751
Finance Lease Liability	NRB 35034	35 939.00	35 939
Finance Lease Liability	NRB 36189	28 655.00	28 655
Finance Lease Liability	NRB 33826	34 969.00	34 969
Finance Lease Liability	NRB 45572	36 296.00	36 296
Finance Lease Liability	NRB 45376	37 555.00	37 555
Finance Lease Liability	NRB 45377	36 275.00	36 275
Finance Lease Liability	NRB 45378	38 956.00	38 956
Finance Lease Liability	NRB 45380	24 155.00	24 155
Finance Lease Liability	NRB 42419	37 645.00	37 645
Finance Lease Liability	NRB 45495	36 446.00	36 446
Finance Lease Liability	NRB 45497	44 954.00	44 954
Finance Lease Liability	NRB 45496	36 461.00	36 461
Finance Lease Liability	NRB 45494	30 651.00	30 651
Finance Lease Liability	NRB 44651	-	-
Finance Lease Liability	NRB 44370	-	-
Finance Lease Liability	NRB 28961	-	-
Finance Lease Liability	NRB 27376	-	-

1 354 747.00	-	-	1 354 747.00	-	-
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UMKHANYAKUDE DISTRICT MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance	
	R	R	R	R	R	R	R	R	
Land & Buildings	24 041 800				24 041 800	(2 505 931)		(2 505 931)	21 535 869
Infrastructure									-
Electricity Supply	2 244 394				2 244 394	(682 542)		(682 542)	1 561 852
Purification Works	94 608 669				94 608 669	(29 869 478)		(29 869 478)	64 739 191
Sewerage Pumps	372 600				372 600	(200 763)		(200 763)	171 837
Street Lighting	28 520				28 520	(6 938)		(6 938)	21 582
Water Reservoirs & Tanks	605 741 054		(181 756 416)		423 984 638	(78 634 316)		(78 634 316)	345 350 322
Water Supply & Reticulation	537 764 072				537 764 072	(92 578 967)		(92 578 967)	445 185 105
Reservoirs – Water	-				-	-		-	-
Water Meters	-				-	-		-	-
Storm Water	-				-	-		-	-
Under construction	-			226 330 666	226 330 666	-		-	226 330 666
	1 240 759 309	-	(181 756 416)	226 330 666	1 285 333 559	(201 973 004)	-	(201 973 004)	1 083 360 555
Community Assets									
Airports	8 415 000				8 415 000	(815 721)		(815 721)	7 599 279
Community Centres	2 501 939				2 501 939	(329 841)		(329 841)	2 172 098
Public Conveniences	21 062				21 062	(6 026)		(6 026)	15 036
Security Measures	10 000				10 000	(10 000)		(10 000)	-
Indoor Sport Facilities	24 609				24 609	(1 227)		(1 227)	23 382
Outdoor Sport Facilities	1 289 334				1 289 334	(64 290)		(64 290)	1 225 044
	-				-	-		-	-
	-				-	-		-	-
	-				-	-		-	-
	12 261 944	-	-	-	12 261 944	(1 227 105)	-	(1 227 105)	11 034 839
Heritage Assets									
Historical Buildings					-	-		-	-
Paintings & Artifacts					-	-		-	-
	-				-	-		-	-
Total carried forward	1 277 063 053	-	(181 756 416)	226 330 666	1 321 637 303	(205 706 040)	-	(205 706 040)	1 115 931 263

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

	Cost / Revaluation					Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance	
	R	R	R	R	R	R	R	R	R
Total brought forward	1 277 063 053	-	(181 756 416)	226 330 666	1 321 637 303	(205 706 040)	-	(205 706 040)	1 115 931 263
Other Assets									
Airconditioners	332 607				332 607	(221 272)		(221 272)	111 335
Bins & Containers	440				440	(405)		(405)	35
Cabinets & Cupboards	747 587				747 587	(577 926)		(577 926)	169 661
Car Ports	-				-	-		-	-
Chairs	853 480				853 480	(583 981)		(583 981)	269 499
Compressors	41 500				41 500	(22 736)		(22 736)	18 764
Computer Hardware	3 683 899	144 005			3 827 904	(2 585 858)		(2 585 858)	1 242 046
Fire Equipment	22 395				22 395	(7 323)		(7 323)	15 072
Furniture & Fittings	286 631				286 631	(215 526)		(215 526)	71 105
Motor Vehicles	681 251				681 251	(611 394)		(611 394)	69 857
Office Machines	1 422 653	5 709			1 428 362	(1 168 612)		(1 168 612)	259 750
Radio Equipment	34 208	3 570			37 778	(30 389)		(30 389)	7 389
Tables & Chairs	703 818				703 818	(475 370)		(475 370)	228 448
Telecommunication	20 422	745			21 167	(19 337)		(19 337)	1 830
Tractors	1 069 873				1 069 873	(769 125)		(769 125)	300 748
Plant & Equipment	626 246				626 246	(489 085)		(489 085)	137 161
Trucks & Bakkies	8 379 893				8 379 893	(7 302 464)		(7 302 464)	1 077 429
	18 906 903	154 028	-	-	19 060 931	(15 080 803)	-	(15 080 803)	3 980 128
Finance Lease Assets									
Office Machines	715 744				715 744	(392 767)		(392 767)	322 977
Telecommunication	493 910				493 910	(273 793)		(273 793)	220 117
Motor Vehicles	96 844				96 844	(88 832)		(88 832)	8 012
Trucks & Bakkies	3 544 927				3 544 927	(2 790 811)		(2 790 811)	754 116
Other Assets	-				-	-		-	-
	4 851 425	-	-	-	4 851 425	(3 546 203)	-	(3 546 203)	1 305 222
Computer Software	657 442	4 445			661 887	(614 032)		(614 032)	47 855
Prior period unexplained error	9 084				9 084			-	9 084
Total	1 301 487 907	158 473	(181 756 416)	226 330 666	1 346 220 631	(224 947 078)	-	(224 947 078)	1 121 273 553

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

	Cost / Revaluation					Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance	
	R	R	R	R	R	R	R	R	
	-	-	-	-	-	-	-	-	-
Land & Buildings	24 041 800				24 041 800	(1 962 800)	(543 131)	(2 505 931)	21 535 869
Infrastructure									
Electricity Supply	2 244 394				2 244 394	(570 450)	(112 092)	(682 542)	1 561 852
Purification Works	94 608 669				94 608 669	(23 409 755)	(6 459 723)	(29 869 478)	64 739 191
Sewerage Pumps	372 600				372 600	(175 949)	(24 814)	(200 763)	171 837
Street Lighting	28 520				28 520	(5 799)	(1 139)	(6 938)	21 582
Water Reservoirs & Tanks	605 741 054				605 741 054	(61 567 014)	(17 067 302)	(78 634 316)	527 106 738
Water Supply & Reticulation	461 343 855	40 661		76 379 556	537 764 072	(71 897 759)	(20 681 208)	(92 578 967)	445 185 105
Reservoirs – Water					-			-	-
Water Meters					-			-	-
Storm Water					-			-	-
Under construction					-			-	-
	1 164 339 092	40 661	-	76 379 556	1 240 759 309	(157 626 726)	(44 346 278)	(201 973 004)	1 038 786 305
Community Assets									
Airports	8 415 000				8 415 000	(765 000)	(50 721)	(815 721)	7 599 279
Community Centres	2 501 939				2 501 939	(246 443)	(83 398)	(329 841)	2 172 098
Public Conveniences	21 062				21 062	(5 324)	(702)	(6 026)	15 036
Security Measures	10 000				10 000	(10 000)		(10 000)	-
Indoor Sport Facilities	24 609				24 609	(407)	(820)	(1 227)	23 382
Outdoor Sport Facilities	1 289 334				1 289 334	(21 312)	(42 978)	(64 290)	1 225 044
Theatre					-			-	-
Swimming Pools					-			-	-
Cemeteries					-			-	-
	12 261 944	-	-	-	12 261 944	(1 048 486)	(178 619)	(1 227 105)	11 034 839
Heritage Assets									
Historical Buildings								-	-
Paintings & Artifacts								-	-
	-	-	-	-	-	-	-	-	-
Total carried forward	1 200 642 836	40 661	-	76 379 556	1 277 063 053	(160 638 012)	(45 068 028)	(205 706 040)	1 071 357 013

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

	Cost / Revaluation					Accumulated Depreciation			Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Closing Balance	
	R	R	R	R	R	R	R	R	R
Total brought forward	1 200 642 836	40 661	-	76 379 556	1 277 063 053	(160 638 012)	(45 068 028)	(205 706 040)	1 071 357 013
Other Assets									
Airconditioners	332 607				332 607	(186 063)	(35 209)	(221 272)	111 335
Bins & Containers	440				440	(374)	(31)	(405)	35
Cabinets & Cupboards	735 937	11 650			747 587	(494 161)	(83 765)	(577 926)	169 661
Car Ports	-				-			-	-
Chairs	853 480				853 480	(493 517)	(90 464)	(583 981)	269 499
Compressors	41 500				41 500	(19 000)	(3 736)	(22 736)	18 764
Computer Hardware	3 378 767	305 132			3 683 899	(2 208 269)	(377 589)	(2 585 858)	1 098 041
Fire Equipment	22 395				22 395	(5 830)	(1 493)	(7 323)	15 072
Furniture & Fittings	286 631				286 631	(186 409)	(29 117)	(215 526)	71 105
Motor Vehicles	675 115	6 136			681 251	(537 863)	(73 531)	(611 394)	69 857
Office Machines	1 374 303	48 350			1 422 653	(1 024 196)	(144 416)	(1 168 612)	254 041
Radio Equipment	34 208				34 208	(28 967)	(1 422)	(30 389)	3 819
Tables & Chairs	703 818				703 818	(406 401)	(68 969)	(475 370)	228 448
Telecommunication	20 422				20 422	(15 779)	(3 558)	(19 337)	1 085
Tractors	1 069 873				1 069 873	(631 244)	(137 881)	(769 125)	300 748
Plant & Equipment	626 246				626 246	(451 148)	(37 937)	(489 085)	137 161
Trucks & Bakkies	8 211 991		167 902		8 379 893	(6 381 116)	(753 446)	(7 302 464)	1 077 429
Other Assets					-	(590 285)		-	-
	18 367 733	371 268	167 902	-	18 906 903	(13 660 622)	(1 842 564)	(15 080 803)	3 826 100
Finance Lease Assets									
Office Machines	715 744				715 744	(195 576)	(197 191)	(392 767)	322 977
Telecommunication	493 910				493 910	(109 156)	(164 637)	(273 793)	220 117
Motor Vehicles	188 446		(91 602)		96 844	(157 114)	(23 320)	(88 832)	8 012
Trucks & Bakkies	4 564 764		(1 019 837)		3 544 927	(3 131 529)	(679 119)	(2 790 811)	754 116
Other Assets					-			-	-
	5 962 864	-	(1 111 439)	-	4 851 425	(3 593 375)	(1 064 267)	(3 546 203)	1 305 222
Intangible Assets	614 787	42 656			657 443	(590 285)	(23 747)	(614 032)	43 411
Prior Period unexplained error	9 084				9 084			-	9 084
									-
Total	1 225 597 304	454 585	(943 537)	76 379 556	1 301 487 908	(178 482 294)	(47 998 606)	(224 947 078)	1 076 540 830

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

	Cost / Revaluation					Accumulated Depreciation				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	
Airport	8 415 000				8 415 000	815 721			815 721	7 599 279
Municipal Manager	25 868 767				25 868 767	4 159 264			4 159 264	21 709 503
Board General	420 158				420 158	238 103			238 103	182 055
Community	1 424 261				1 424 261	86 368			86 368	1 337 893
Corporate Services	9 685 323				9 685 323	5 626 558			5 626 558	4 058 765
Financial Services	3 695 769				3 695 769	3 143 046			3 143 046	552 723
Planning & tourism	760 552				760 552	626 876			626 876	133 676
Technical Services	812 941				812 941	551 644			551 644	261 297
Development Agency	100 313				100 313	56 919			56 919	43 394
Sanitation	46 784 231				46 784 231	18 773 807			18 773 807	28 010 424
Water	1 203 511 508				1 203 511 508	190 868 801			190 868 801	1 012 642 707
Prior period unexplained	9 084				9 084				-	9 084
Other										
Total	1 301 487 907	-	-	-	1 301 487 907	224 947 107	-	-	224 947 107	1 076 540 800

UMKHANYAKUDE DISTRICT MUNICIPALITY

APPENDIX E (1)

ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011

2010						
	Actual R	Adjustment Budget	Original Published Budget R	Variance R	Variance %	Explanation of significant variances greater than 10 % versus budget
REVENUE						
Property rates				-	#DIV/0!	
Rates penalties and collection charges						Collection pressures as a result of the general state of the economy under budgetted for
Service charges				-	#DIV/0!	
Rental of facilities and equipment				-	#DIV/0!	Increased use of Municipal facilities
Interest earned - external investments				-	#DIV/0!	Over budgetted
Fines				-	#DIV/0!	Increased revenue against bu
Licences and permits				-	#DIV/0!	
Government grants and subsidies				-	#DIV/0!	
Other income				-	#DIV/0!	Recovery of cash shortages , not budgetted for
Gain on disposal of property,plant and equipment				-	#DIV/0!	Decline in expected property sales
Total Revenue	<u>-</u>		<u>-</u>	<u>-</u>	<u>#DIV/0!</u>	
EXPENDITURE						
Employee related costs				-	#DIV/0!	Restricted filling of vacant postd
Remuneration of Councillors				-	#DIV/0!	
Bad Debts write off						
Provision for Bad debts				-	#DIV/0!	Grossly under-budgetted , provision adjusted accordingly at year end
Depreciation				-	#DIV/0!	Fixed Asset Register updated in line with GRAP 17 compliance
Repairs and maintenance				-	#DIV/0!	Cashflow constraints restricted general repairs and maintenance requirements and essential items were only addressed
Interest paid				-	#DIV/0!	Over budgetted
Bulk purchases				-	#DIV/0!	Usage dictated increased purchases
Contracted services				-	#DIV/0!	Increased use in contracted services
General expenses				-	#DIV/0!	Over budgetted
Total Expenditure	<u>-</u>		<u>-</u>	<u>-</u>	<u>#DIV/0!</u>	
Surplus (Deficit) for the year	<u>-</u>		<u>-</u>	<u>-</u>		
Change in Accounting Estimate						
Profit / (loss) on fair value adjustment						
Adjusted Surplus for the period	<u>-</u>					

idget

UMKHANYAKUDE DISTRICT MUNICIPALITY

APPENDIX E (2)

ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2011

	2010				Variance
	Additions R	Under Construction R	Total Additions R	Budgeted Additions R	
Buildings			-		-
Infrastructure					
Roads			-		-
Electrical Infrastructures			-		-
Cemeteries			-		-
	-	-	-	-	-
Community Assets					
Recreational facilities		-	-		-
Tourism Hub	-	-	-		-
Production Centre	-	-	-		-
	-	-	-	-	-
Other Assets					
Office & Computer Equipment			-		-
Air conditioners			-		-
Furniture and fittings			-		-
Machinery and equipment			-		-
Vehicles			-		-
	-	-	-	-	-
Total	-	-	-	-	-

APPENDIX F
UMKHANYAKUDE: DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA ACT 56 OF 2003
FOR THE YEAR ENDED 30 JUNE 2011

Description	Unspent balance at 1	Transfers Out	Transfers In	Net Balance at 30	Debit Balance at 30	Unspent balance at
	July 2010			June 2011	June 2011	30 June 2011
	R	R	R		R	R
PIMMS/NDT OPERATIONAL	-300.00	-	-	(300.00)	-	(300.00)
FINANCIAL MONITORING GRANT	-277 186.96	794 057.24	(1 000 000.00)	(483 129.72)	-	(483 129.72)
CAPACITY BUILDING ASSET MANAGEMENT GRANT	-784 000.00	-	-	(784 000.00)	-	(784 000.00)
DEVELOPMENT AGENCY	-621 456.13	621 456.13	-	-	-	-
DISASTER MANAGEMENT GRANT	-	8 291.44	(2 500 000.00)	(2 491 708.56)	-	(2 491 708.56)
SHARED SERVICES GRANT	-2 276 904.84	1 380 018.44	(1 085 117.26)	(1 982 003.66)	-	(1 982 003.66)
DEBT COLLECTION GRANT	-1 318 525.87	758 006.38	-	(560 519.49)	-	(560 519.49)
GROWTH & DEVELOPMENT SUM MIT- UNSPENT GRANT	-100 000.00	-	-	(100 000.00)	-	(100 000.00)
CORRIDOR DEVELOPMENT-UNSPENT GRANT	-1 195 000.00	655 500.00	(165 300.00)	(704 800.00)	-	(704 800.00)
UMQGOBOKAZI SPORTFIELD DSR	-258 244.20	-	-	(258 244.20)	-	(258 244.20)
WASTE MANAGEMENT GRANT	-200 000.00	54 434.82	-	(145 565.18)	-	(145 565.18)
MSIG GRANT	-	183 216.25	(750 000.00)	(566 783.75)	-	(566 783.75)
INTERGOV RELATIONS IMPLEMENTATION	-500 000.00	-	(417 000.00)	(917 000.00)	-	(917 000.00)
SUPPORT AND DEV CAPACITY	-518 862.32	528 090.85	(9 228.53)	(0.00)	-	-
EPWP	-115 750.00	33 656.00	-	(82 094.00)	-	(82 094.00)
MASSIFICATION GRANT- UNSPENT	-	-	(1 792 000.00)	(1 792 000.00)	-	(1 792 000.00)
ENVIRONMENTAL MANAGEMENT UNSPENT	-	-	(1 500 000.00)	(1 500 000.00)	-	(1 500 000.00)
MTUBA WATER CONSERVATION AND DEMAND MANAGEMENT	-524 309.73	-	-	(524 309.73)	-	(524 309.73)
KWAZIBI WATER PURIFICATION	-915 000.00	-	-	(915 000.00)	-	(915 000.00)
KWAJOBE-CEZWANA WATER PURIFICATION GRANT	-787 880.49	-	-	(787 880.49)	-	(787 880.49)
KWAJOBE-NONGOWOZA WATER PURIFICATION GRANT	-915 000.00	-	-	(915 000.00)	-	(915 000.00)
BAZANENI-RIVER WATER PURIFICATION GRANT	-756 400.00	-	-	(756 400.00)	-	(756 400.00)
LAKE TETE	-267 001.38	-	-	(267 001.38)	-	(267 001.38)
KWADAPHA	-578 891.06	-	-	(578 891.06)	-	(578 891.06)
VUKUKHANYE MASHABANE	46 107.91	-	-	46 107.91	46 107.91	-
NYEZI COMMUNITY HIV CENTRE	-303 569.69	-	-	(303 569.69)	-	(303 569.69)
UMKHOMBE TOURS	-908 690.21	-	-	(908 690.21)	-	(908 690.21)
	(14 076 864.97)	5 016 727.55	(9 218 645.79)	(18 278 783.21)	46 107.91	(18 324 891.12)

MIG RESERVES	-34 708 911.16	48 816 641.09	(127 696 941.70)	(113 589 211.77)	-	(113 589 211.70)
HLUHLUWE PHASE 3	-49 389.98	1 899 129.02	(1 899 129.02)	(49 389.98)	-	(49 389.98)
MTUBATUBA SPORTS COMPLEX	-0.04	78 164.26	(78 164.26)	(0.04)	-	(0.04)
MAKHASA SPORT COMPLEX	-55 264.43	1 009 391.00	(1 009 390.99)	(55 264.42)	-	(55 264.42)
MTUBA BULK WATER SUPPLY	-13 197.02	-	-	(13 197.02)	-	(13 197.02)
KWAZIBI :NATIONAL LOTTERY	-166 667.00	-	-	(166 667.00)	-	(166 667.00)
MQOBELA :NATIONAL LOTTERY	-166 666.00	-	-	(166 666.00)	-	(166 666.00)
MABIBI :NATIONAL LOTTERY	-166 667.00	-	-	(166 667.00)	-	(166 667.00)
SHEMULA SANITATION PHASE 3 2007MIGFDC27146744	-6 330.07	715 469.59	(715 469.59)	(6 330.07)	-	(6 330.07)
OTHOBOTHINI WATER SUPPLY 2007MIGFDC27149196	-297 862.10	146 790.37	(93 134.31)	(244 206.04)	-	(244 206.04)
ZAMA ZAMA SANITATION PHA SE 2 2006MIGFDC270024	-0.01	-	-	(0.01)	-	(0.01)
OTHOBOTHINI SANITATION 2008MIGFDC27155983	-	4 801 539.32	(4 801 539.32)	-	-	-
MTUBATUBA WARD 2 COMMUNI TY HALL 2009MIGFDC271726	-175 781.25	-	-	(175 781.25)	-	(175 781.25)
MTUBATUBA TREATMENT WORK S 2009MIGFDC27175365	-	14 838 908.72	(14 838 908.72)	-	-	-
UMKHANYAKUDE DM RURAL MA STER PLAN-PLANNING PHASE	-	667 866.66	(667 866.66)	-	-	-
PHELANDABA SANITATION PH ASE 2 2008MIGFDC27149163	0.06	6 306 355.58	(6 306 355.58)	0.06	0.06	-
KWANGWANASE CWS PHASE 3	2 713.14	10 859 150.28	(10 859 150.28)	2 713.14	2 713.14	-
NORDALE SEWERAGE SCHEME 2010MIGFDC27187484	-	80 211.54	(55 969.44)	24 242.10	24 242.10	-
NDLOVU VILLAGE SEWERAGE 2010MIGFDC27187477	-	135 588.44	(109 351.18)	26 237.26	26 237.26	-
ISHLANGWINI PHASE 2 2007MIGFDC27147600	32 635.58	-	-	32 635.58	32 635.58	-
PHUMLANI VILLAGE STORMWA TER 2008MIGFDC27163355	34 727.19	34 727.19	(34 727.19)	34 727.19	34 727.19	-
EZIBAYENI WATER SUPPLY PROJECT PHASE 2	60 868.36	775 181.69	(768 630.45)	67 419.60	67 419.60	-
ENKANYEZINI CWSS	69 267.81	1 682 697.56	(1 682 697.56)	69 267.81	69 267.81	-
PHELANDABA WATER SUPPLY SCHEME	69 790.89	101 820.76	(101 820.76)	69 790.89	69 790.89	-
MABHOKISINI WATER SUPPLY	157 797.88	-	-	157 797.88	157 797.88	-
EZIBAYENI SAN PHASE2	534 166.95	-	-	534 166.95	534 166.95	-
NTSHONGWE/MALOBENI113572 2006MIGFDC27113572	490 431.20	861 176.87	(769 133.28)	582 474.79	582 474.79	-
MPOPHOMENI WATER SCHEME	686 055.58	2 905 893.06	(2 905 893.06)	686 055.58	686 055.58	-
JOZINI TREATMENT WORKS	227 269.54	2 854 674.39	-	3 081 943.93	3 081 943.93	-
	(33 441 011.88)	99 571 377.39	(175 394 273.35)	(109 263 907.84)	5 369 472.76	(114 633 380.53)
	(47 517 876.85)	104 588 104.94	(184 612 919.14)	(127 542 691.05)	5 415 580.67	(132 958 271.65)