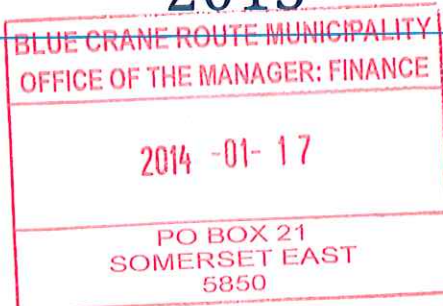


BLUE CRANE ROUTE MUNICIPALITY(EC102)

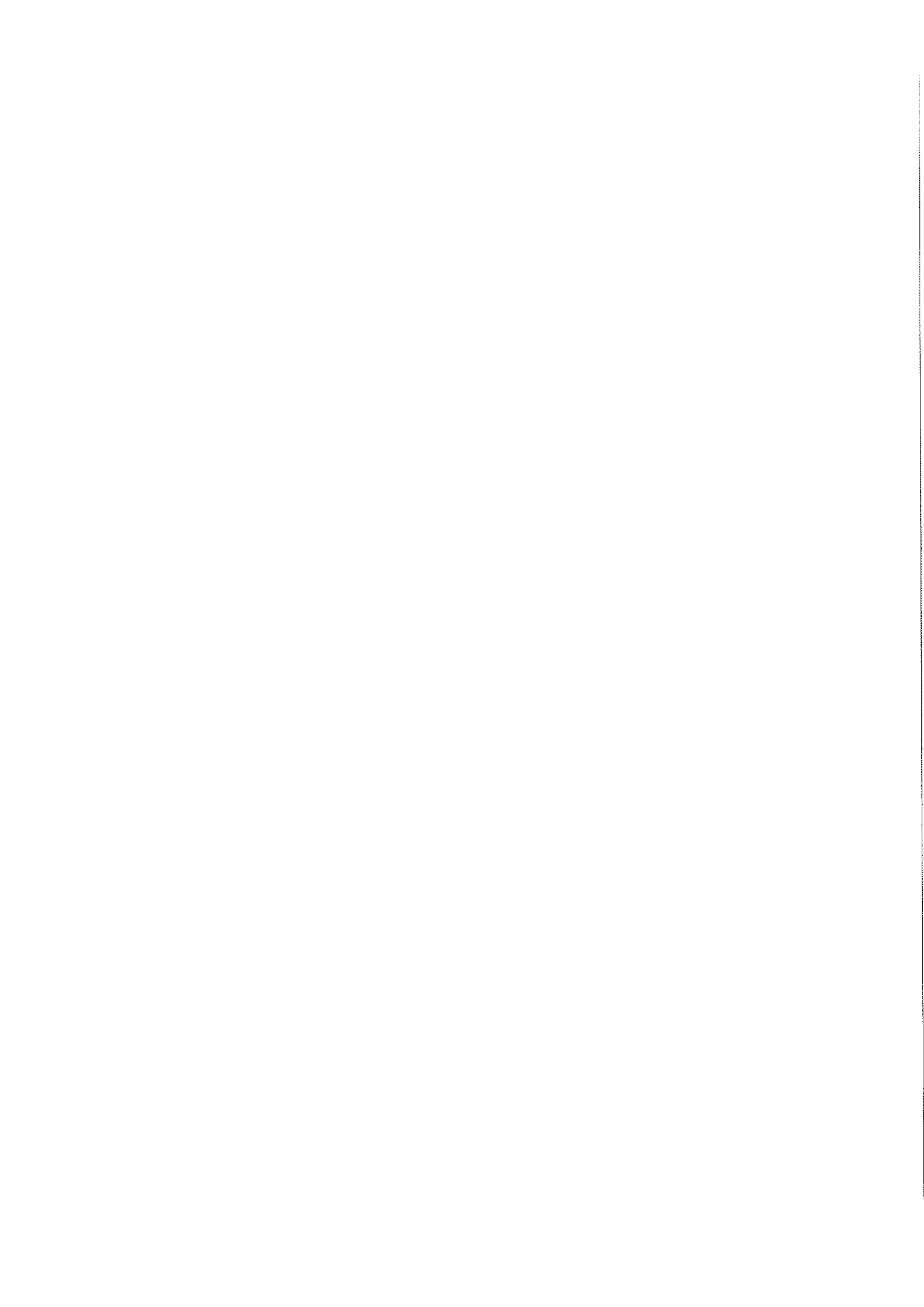


Audited Consolidated Annual Financial Statements for the year ended 30 June 2013




G. Goliath
CFO


T. Klaas
Municipal Manager



Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
The following is included in the scope of operation	Service Delivery
Council members	
Mayor	NM Scott
Councillors	BA Manxoweni KC Brown CFB Du Preez WH Greeff M Nontyi NG Mjikelu Z Funiselo NP Yantolo MK Mall RM Bradfield
Accounting Officer	T Klaas
Chief Finance Officer (CFO)	GJ Goliath
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General
Bankers	ABSA

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act



Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Officer's Responsibilities and Approval

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

The consolidated annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 4 to 60, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2013 and were signed by him:



Thabiso Klaas
Accounting Officer
30 September 2013

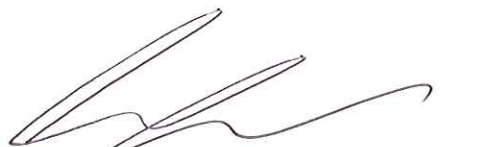
Blue Crane Route Municipality


Consolidated Annual Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL POSITION

	Notes	2013 R	2012 R (Restated)
ASSETS			
Current assets			
Other financial assets	4	2 664	4 442
Inventories	6	1 513 028	1 653 033
Other receivables from exchange transactions	7	646 252	1 151 596
Other receivables from non-exchange transactions	8	1 333 771	2 032 254
Trade receivables from exchange transactions	9	12 972 383	9 821 698
Cash and cash equivalents	10	26 639 180	20 284 256
		<u>43 107 278</u>	<u>34 947 279</u>
Non-current assets			
Investment property carried at fair value	11	24 017 090	20 189 682
Property, plant and equipment	12	360 749 674	350 084 752
Intangible assets	13	1	1
Other financial assets	4	18 493	21 158
		<u>384 785 258</u>	<u>370 295 593</u>
Total assets		<u>427 892 536</u>	<u>405 242 872</u>
LIABILITIES			
Current liabilities			
Employee benefit obligation	14	445 344	456 122
Other financial liabilities	15	656 527	596 475
Finance lease obligation	16	376 366	792 893
Unspent conditional grants and receipts	17	7 848 561	1 749 655
Provisions	18	18 564 269	17 402 901
Payables from exchange transactions	19	16 748 460	15 044 625
Trade and other payables from non-exchange	20	57 652	40 727
VAT payable	21	1 052 102	1 697 172
Consumer deposits	22	1 895 041	1 713 208
		<u>47 644 323</u>	<u>39 493 778</u>
Non-current liabilities			
Employee benefit obligation	14	13 215 704	14 997 358
Other financial liabilities	15	1 887 249	2 543 776
Finance lease obligation	16	-	402 889
		<u>15 102 953</u>	<u>17 944 023</u>
Total liabilities		<u>62 747 276</u>	<u>57 437 801</u>
Net assets		<u>365 145 260</u>	<u>347 805 071</u>
NET ASSETS			
Accumulated surplus / (deficit)		<u>365 145 260</u>	<u>347 805 071</u>




G. Goliath
CFO


T. Klaas
Municipal Manager


Blue Crane Route Municipality


Consolidated Annual Financial Statements for the year ended 30 June 2013

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2013 R	2012 R (Restated)
Revenue			
Property rates	25	8 116 578	7 556 602
Service charges	26	77 431 229	68 634 107
Rental of facilities and equipment		85 567	158 227
Interest received (trading)		2 196 443	2 075 126
Interest received on investments	27	1 628 930	1 429 518
Income from agency services		614 458	583 878
Fines		75 577	139 928
Licences and permits		740 723	831 535
Government grants and subsidies	28	78 336 344	61 543 638
Fees earned		308 281	224 979
General		630 721	1 003 934
Private Work		338 652	671 406
Gains on disposal of assets		30 483	1 015 764
Gain on investment properties fair valuation		3 827 408	-
Other income	29	985 442	1 153 545
Total revenue		175 346 836	147 022 187
Expenditure			
Employee related costs	30	51 453 997	49 211 620
Remuneration of councillors	31	2 739 347	2 451 987
Bad debts	32	8 597 729	10 188 956
Collection costs		14 825	2 484
Depreciation and amortisation expense	12	16 198 400	14 149 763
Impairment loss/Reversal of impairments		-	316 516
Repairs and maintenance		3 146 659	3 041 229
Finance costs	33	2 204 923	1 979 587
Bulk purchases	34	49 120 737	41 377 313
General expenses	35	27 422 682	24 828 732
Loss on disposal of asset		-	3 606
Total expenditure		160 899 298	147 551 793
Actuarial (Loss) /gain		2 892 651	(544 458)
Surplus / (deficit) for the year		17 340 189	(1 074 064)




G. Goliath
CFO

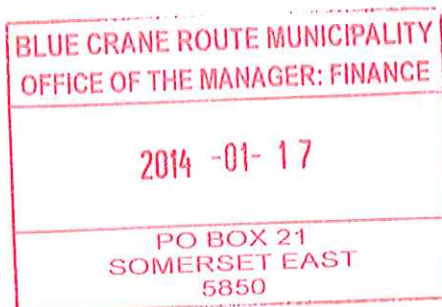

T. Klaas
Municipal Manager


Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

CASH FLOW STATEMENT

	Notes	2013 R	2012 R (Restated)
Cash flows from operating activities			
Receipts			
Sales of goods and services		73 810 214	77 291 587
Grants		85 168 400	59 247 537
Interest received		1 628 930	1 429 518
Other receipts		6 717 138	7 866 220
		<u>167 324 682</u>	<u>145 834 862</u>
Payments			
Employee costs		(53 537 887)	(49 988 069)
Suppliers		(40 395 198)	(29 850 163)
Interest paid		(292 263)	(2 096 192)
Other payments		(41 891 035)	(50 097 142)
		<u>(136 116 383)</u>	<u>(132 031 566)</u>
Net cash flows from operating activities	37	<u>31 208 299</u>	<u>13 803 296</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(23 419 132)	(19 647 200)
Proceeds on disposal of assets and liabilities		30 483	1 035 206
Proceeds from Other financial assets		4 441	808
Net cash flows from investing activities		<u>(23 384 208)</u>	<u>(18 611 186)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		(596 475)	2 327 738
Finance lease payments		(872 692)	(890 237)
Net cash flows from financing activities		<u>(1 469 167)</u>	<u>1 437 501</u>
Net increase / (decrease) in net cash and cash equivalents		6 354 924	(3 370 389)
Net cash and cash equivalents at beginning of period		20 284 256	23 654 645
Net cash and cash equivalents at end of period	10	<u>26 639 180</u>	<u>20 284 256</u>




G. Goliath
CFO


T. Klaas
Municipal Manager

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

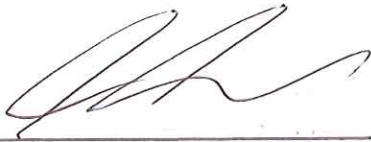
STATEMENT OF CHANGES IN NET ASSETS


	Notes	R	R
		Accumulated Surplus/(Deficit)	Total: Net Assets
Opening balance as previously reported		355 653 563	355 653 563
Adjustments:			
Error in assets take on balances		8 341 887	8 341 887
Prior year adjustments (2011 and earlier)		(15 116 315)	(15 116 315)
Balance at 1 July 2011 as restated		348 879 135	348 879 135
Changes in net assets		-	-
Deficit for the year		(1 074 064)	(1 074 064)
Total changes		(1 074 064)	(1 074 064)
Opening balance as previously reported		364 491 599	364 491 599
Adjustments:			
Prior year adjustments		(16 686 528)	(16 686 528)
Balance at 1 July 2012 as restated		347 805 071	347 805 071
Changes in net assets			
Surplus for the year		17 340 189	17 340 189
Balance at 30 June 2013		365 145 260	365 145 260

Notes

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G. Goliath
CFO


T. Klaas
Municipal Manager

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position					
Total current assets	-	-	-	43 213 235	(43 213 235)
Total non-current assets	-	-	-	384 624 050	(384 624 050)
Total current liabilities	-	-	-	(46 949 619)	46 949 619
Total non-current liabilities	-	-	-	(15 102 953)	15 102 953
Net Assets	-	-	-	365 784 713	(365 784 713)
Statement of Financial Performance					
Revenue					
Property rates	8 016 000	130 000	8 146 000	8 116 578	29 422
Service charges	85 390 000	2 393 000	87 783 000	90 267 521	(2 484 521)
Investment revenue	1 200 000	-	1 200 000	1 618 887	(418 887)
Transfers recognised	73 307 000	18 034 370	91 341 370	77 980 347	13 361 023
Other own revenue	9 107 500	(3 134 330)	5 973 170	12 903 839	(6 930 669)
Total Revenue	177 020 500	17 423 040	194 443 540	190 887 173	3 556 367
Expenditure					
Employee costs	51 756 000	(411 000)	51 345 000	47 466 556	3 878 444
Remuneration of councillors	2 565 090	215 000	2 780 090	2 739 347	40 743
Debt impairment	5 656 400	641 220	6 297 620	8 597 729	(2 300 109)
Depreciation & asset impairment	2 845 000	16 185 480	19 030 480	16 136 171	2 894 309
Finance charges	278 000	54 000	332 000	1 332 592	(1 000 592)
Materials and bulk purchases	50 357 000	(3 147 000)	47 210 000	49 120 737	(1 910 737)
Transfers and grants	-	-	-	-	-
Other expenditure	34 787 510	19 111 100	53 898 610	48 284 212	5 614 398
Total expenditure	148 245 000	32 648 800	180 893 800	173 677 344	7 216 456
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement	28 775 500	(15 225 760)	13 549 740	17 209 829	(3 660 089)

The statement above reflects the budget and movements of the parent entity.

Refer to note 52 for explanations for material variances between final budget and actual amounts

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Cash Flow Statement					
Cash flows from operating activities					
Receipts					
Ratepayers and other	95 678 700	-	95 678 700	80 477 643	15 201 057
Government - operating	44 531 250	13 030 000	57 561 250	55 009 235	2 552 015
Government - capital	28 775 750	5 005 000	33 780 750	29 803 168	3 977 582
Interest	1 200 000	-	1 200 000	1 618 887	(418 887)
Dividends	-	-	-	-	-
Payments					
Suppliers and employees	(139 465 600)	18 902 000	(120 563 600)	(131 682 731)	11 119 131
Finance charges	(278 000)	-	(278 000)	(281 105)	3 105
Transfers and Grants	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	30 442 100	36 937 000	67 379 100	34 945 097	32 434 003
CASH FLOWS FROM INVESTING ACTIVITIES					
Receipts	-	-	-	-	-
Proceeds on disposal of PPE	250 000	-	250 000	30 483	219 517
Actuarial gain/(loss)	-	-	-	-	-
Decrease (Increase) in non-current debtors	20 000	-	20 000	4 441	15 559
Decrease (increase) other non-current receivables	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-
Payments	-	-	-	-	-
Capital assets	-	(37 332 000)	(37 332 000)	(26 873 625)	(10 458 375)
NET CASH FROM/(USED) INVESTING ACTIVITIES	270 000	(37 332 000)	(37 062 000)	(26 838 701)	(10 223 299)
CASH FLOWS FROM FINANCING ACTIVITIES					
Receipts	-	-	-	-	-
Short term loans	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-
Payments	-	-	-	-	-
Repayment of borrowing	(750 000)	-	(750 000)	(1 469 167)	719 167
NET CASH FROM/(USED) FINANCING ACTIVITIES	(750 000)	-	(750 000)	(1 469 167)	719 167
NET INCREASE/ (DECREASE) IN CASH HELD	29 962 100	(395 000)	29 567 100	6 637 229	22 929 871
Cash/cash equivalents at the year begin:	19 847 877	-	19 847 877	19 847 877	-
Cash/cash equivalents at the year end:	49 809 977	(395 000)	49 414 977	26 485 106	22 929 871

The statement above reflects the budget and movements of the parent entity.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of the Consolidated Annual Financial Statements

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

These consolidated annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

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

These accounting policies are consistent with those applied in the preparation of the prior year consolidated financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

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

1.2. Going concern

These consolidated annual financial statements were prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

Municipalities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2012/07/01 to 2013/06/30.

The financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

Where material accounting errors, which relate to prior periods, 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.

The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5. Offsetting

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

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing consolidated annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the consolidated annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the consolidated annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.7. Property, plant and equipment

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, or for administrative purposes (excluding assets that would meet the definition of investment property), and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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

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

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

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

The annual depreciation rates are based on the following estimated useful lives:

Item	Average useful life
Infrastructure	30 - 120 years
Equipment	3 - 10 years
Furniture	5 - 15 years
Office Equipment	3 - 10 years
Buildings	60 years
Vehicles	5 - 20 years
Land (PPE)	Indefinite

Impairments

The entity 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.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

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.

1.8. Investment property

Fair Value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9. Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

The municipality will be take advantage of the three year exemption on measurement allowed by National Treasury.

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1.10. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position 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.

An internally generated intangible asset is 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 entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation and impairment

Amortisation is charged to write off the cost of intangible assets over their estimated useful lives using the straight-line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5 years

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Impairments

The entity 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 performed 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.

Derecognition

Intangible assets are derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.11. Investments in controlled entities

Investments in controlled entities are carried at NIL value on the face of the Statement of Financial Position. The value of the investment is deemed to be the accumulated surplus of the controlled entity and is reflected in the notes to the consolidated annual financial statements.

1.12. Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

Initial measurement

The entity measures a financial asset and financial liability initially at its plus, in the case of a financial asset or a financial liability not subsequently measured at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement

All financial assets and financial liabilities are measured after initial recognition using the following categories:

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a) Financial instruments at fair value:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairments

All financial assets measured at cost or amortised costs are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently 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.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Other financial assets

Other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

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If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categorised as financial instruments at amortised cost and are subsequently 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.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Other financial assets

Other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

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Accounting Policies

Other financial liabilities

Other financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

1.13. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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

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

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are recognised as either an operating lease asset or operating lease liability. An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

Income for leases is disclosed under revenue in the statement of financial performance.

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Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.14. Inventories

Initial recognition and measurement

Inventories are initially measured at cost at the first-in-first-out method. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required 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.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired 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.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), 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.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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1.15. Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

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1.16. Provisions and contingencies

Provisions are recognised when:

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

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

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits. Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17. VAT receivable / payable

VAT receivable or payable is as a result of the net difference between input and output VAT.

VAT receivable or payable is stated at its nominal value.

1.18. Consumer deposits

Consumer deposits are initially stated at their nominal value and subsequently measured at amortised cost.

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1.19. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; b) The amount of revenue can be measured reliably; and
- b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. 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.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

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.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on ongoing leases.

Measurement

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

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1.20. Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Recognition

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. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Government grants are recognised as revenue once the conditions attached to the grant have been met.

Transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that 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 in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.21. Borrowing costs

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

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1.22. Unauthorised expenditure

Unauthorised expenditure means:

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

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

1.23. Fruitless and wasteful expenditure

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

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

1.24. 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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity'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.

1.25. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the consolidated annual financial statements.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.26. Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

1.27. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

2. Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

3. New standards and interpretations

3.1. Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard/ Interpretation:	Effective date: Years beginning on or after
• GRAP 25: Employee benefits	01 April 2013
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013
• GRAP 12 (as revised 2012): Inventories	01 April 2013
• GRAP 13 (as revised 2012): Leases	01 April 2013
• GRAP 16 (as revised 2012): Investment Property	01 April 2013
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013
• GRAP16: Intangible assets website costs	01 April 2013
• iGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

3.2. Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
<ul style="list-style-type: none">• GRAP 18: Segment Reporting	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 105: Transfers of functions between entities under common control	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 106: Transfers of functions between entities not under common control	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 107: Mergers	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 20: Related parties	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 32: Service concession arrangements: Grantor	No effective date	No significant effect
<ul style="list-style-type: none">• GRAP 108: Statutory receivables	No effective date	No significant effect
<ul style="list-style-type: none">• iGRAP 11: Consolidation – Special Purpose Entities	No effective date	No significant effect
<ul style="list-style-type: none">• iGRAP 12: Jointly Controlled Entities	No effective date	No significant effect
<ul style="list-style-type: none">• iGRAP 16: Intangible Assets - Website Costs	01 April 2013	No significant effect
<ul style="list-style-type: none">• iGRAP 17: Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No effective date	No significant effect

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting - It is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 105: Transfers of functions between entities under common control - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 106: Transfers of functions between entities not under common control - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 107: Mergers - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 20: Related parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

3. New standards and interpretations

3.1. Standards and Interpretations early adopted

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• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013
• GRAP 12 (as revised 2012): Inventories	01 April 2013
• GRAP 13 (as revised 2012): Leases	01 April 2013
• GRAP 16 (as revised 2012): Investment Property	01 April 2013
• GRAP 17 (as revised 2012): Property, Plant and Equipment	01 April 2013
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	01 April 2013
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	01 April 2013
• GRAP16: Intangible assets website costs	01 April 2013
• iGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	01 April 2013

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

Accounting Policies

3.2. Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods:

Standard/ Interpretation: Years beginning on or after	Effective date:	Expected impact:
<ul style="list-style-type: none">GRAP 18: Segment Reporting	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 105: Transfers of functions between entities under common control	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 106: Transfers of functions between entities not under common control	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 107: Mergers	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 20: Related parties	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 32: Service concession arrangements: Grantor	No effective date	No significant effect
<ul style="list-style-type: none">GRAP 108: Statutory receivables	No effective date	No significant effect
<ul style="list-style-type: none">iGRAP 11: Consolidation – Special Purpose Entities	No effective date	No significant effect
<ul style="list-style-type: none">iGRAP 12: Jointly Controlled Entities	No effective date	No significant effect
<ul style="list-style-type: none">iGRAP 16: Intangible Assets - Website Costs	01 April 2013	No significant effect
<ul style="list-style-type: none">iGRAP 17: Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No effective date	No significant effect

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting - It is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 105: Transfers of functions between entities under common control - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 106: Transfers of functions between entities not under common control - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 107: Mergers - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 20: Related parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans	21 157	25 600
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured		
Non-current assets		
Amortised cost	18 493	21 158
Current assets		
Amortised cost	2 664	4 442
	21 157	25 600

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2013 and 2012, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2013 - Nil (2012 Nil) were past due but not impaired.

5 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2013

	Financial assets amortised	Total
Other financial assets	21 157	21 157
Other receivables from exchange transactions	646 252	646 252
Other receivables from non-exchange transactions	1 333 771	1 333 771
Cash and cash equivalents	26 639 180	26 639 180
Trade receivables from exchange transactions	12 972 383	12 972 383
	41 612 743	41 612 743

2012

	Financial assets amortised	Total
Other financial assets	25 600	25 600
Other receivables from exchange transactions	1 151 596	1 151 596
Other receivables from non-exchange transactions	2 032 254	2 032 254
Cash and cash equivalents	20 284 256	20 284 256
Trade receivables from exchange transactions	9 821 698	9 821 698
	33 315 404	33 315 404

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
6 Inventories		
Work in progress	734 689	680 635
Consumable stores	637 950	819 456
Water	140 389	152 942
	<u>1 513 028</u>	<u>1 653 033</u>
Stores issued amounted to R 1 261 728 and R 1 244 823 (2012).		
7 Other receivables from exchange transactions		
Deposits	593 758	537 579
Other receivables	52 494	600 684
Councillors overpayments	-	13 333
	<u>646 252</u>	<u>1 151 596</u>
Other receivables pledged as security		
Other receivables were not pledged as security.		
Other receivables is a financial asset which is classified as trade and other receivables.		
Fair value is estimated at cost.		
Credit quality of other receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.		
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
8 Other receivables from non-exchange transactions		
Government grants and subsidies (Note 17)	757 955	1 410 979
Property rates	371 143	381 964
Other receivables from non-exchange revenue	204 673	239 311
	<u>1 333 771</u>	<u>2 032 254</u>
Property rates		
Property rates	6 692 347	4 461 202
Provision for bad debts: Property rates	(6 321 204)	(4 079 238)
	<u>371 143</u>	<u>381 964</u>
Property rates age analysis		
Current (0-30days)	265 050	258 031
31-60 days	42 939	51 099
61-90 days	36 121	36 654
91-120 days	30 613	32 576
> 121 days	6 317 624	4 082 842
	<u>6 692 347</u>	<u>4 461 202</u>
Provision for bad debts: Property rates		
Impairment balance prior year	(4 079 238)	(2 650 165)
Contributions to provision	(2 494 935)	(1 607 645)
Debt impairment written off against provision	252 969	178 572
	<u>(6 321 204)</u>	<u>(4 079 238)</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
8 Other receivables from non-exchange transactions (continued)		
Other receivables from non-exchange transactions		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts	(231 831)	(231 831)
Insurance claims	2 683	118 448
Hotel refunds	-	6 529
SARS refund - penalty charges	37 593	-
Employee leave overpayment	30 604	-
SARS UIF paid for Councillors	98 634	98 634
Receivables - Other	30 330	15 698
Receivables - Employees	4 830	2
	<u>204 673</u>	<u>239 311</u>
Prior period adjustment		
Balance previously reported		1 912 539
2012: refund on hotel accommodation		6 529
2012: SARS UIF for councillors		19 716
Earlier than 2012: UIF for Councillors		78 918
Earlier than 2012: Billing correction on property rates levied		(1 148)
		<u>2 016 554</u>
As of 30 June 2013, other receivables from non-exchange transactions of R252 969 (2012: R178 572) were impaired and provided for.		
The amount of the provision was R 6 321 204 as at 30 June 2013 (2012: R 4 079 238).		
Other receivables from non-exchange transactions are financial assets classified as trade and other receivables. No amortisation was applied.		
Other receivables from non-exchange transactions past due but not impaired		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	215 189	173 677
2 months past due	42 939	45 427
3 months past due	34 312	23 218
4 months past due	28 835	52 445
9 Trade receivables from exchange transactions		
Gross balances		
Electricity	9 428 949	7 528 857
Water	8 703 958	8 994 444
Sanitation	1 273 062	1 373 355
Sewerage	4 083 263	4 197 714
Refuse	7 010 356	6 937 538
Other	839 399	711 971
	<u>31 338 987</u>	<u>29 743 879</u>
Less: Provision for debt impairment		
Electricity	(1 968 958)	(2 119 403)
Water	(6 200 667)	(6 984 550)
Sanitation	(1 097 668)	(1 208 368)
Sewerage	(2 999 315)	(3 353 802)
Refuse	(5 357 665)	(5 685 702)
Other	(742 331)	(570 356)
	<u>(18 366 604)</u>	<u>(19 922 181)</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Net balance	7 459 991	5 409 454
Electricity	2 503 291	2 009 894
Water	175 394	164 987
Sanitation	1 083 948	843 912
Sewerage	1 652 691	1 251 836
Refuse	97 068	141 615
Other	<u>12 972 383</u>	<u>9 821 698</u>
Electricity	5 240 411	3 982 171
Current (0 -30 days)	847 384	566 049
31 - 60 days	685 556	326 919
61 - 90 days	445 648	236 165
91 - 120 days	2 209 950	2 417 553
>121 days	<u>9 428 949</u>	<u>7 528 857</u>
Water	1 010 091	1 067 172
Current (0 -30 days)	257 072	400 177
31 - 60 days	274 338	422 701
61 - 90 days	220 094	304 620
91 - 120 days	6 942 363	6 799 774
>121 days	<u>8 703 958</u>	<u>8 994 444</u>
Sanitation	33 571	50 304
Current (0 -30 days)	14 292	14 916
31 - 60 days	13 957	14 648
61 - 90 days	13 954	14 763
91 - 120 days	1 197 288	1 278 724
>121 days	<u>1 273 062</u>	<u>1 373 355</u>
Sewerage	423 656	439 287
Current (0 -30 days)	133 261	172 163
31 - 60 days	114 627	159 333
61 - 90 days	106 924	144 929
91 - 120 days	3 304 795	3 282 002
>121 days	<u>4 083 263</u>	<u>4 197 714</u>
Refuse	559 765	594 750
Current (0 -30 days)	196 860	254 834
31 - 60 days	180 588	239 999
61 - 90 days	169 153	221 289
91 - 120 days	5 903 990	5 626 666
>121 days	<u>7 010 356</u>	<u>6 937 538</u>
Other	53 624	40 622
Current (0 -30 days)	32 258	14 998
31 - 60 days	33 645	13 819
61 - 90 days	31 644	32 186
91 - 120 days	688 228	610 346
>121 days	<u>839 399</u>	<u>711 971</u>
Summary of debtors by customer classification		
Consumers	7 321 118	6 174 305
Current (0 -30 days)	1 481 127	1 423 137
31 - 60 days	1 302 711	1 177 419
61 - 90 days	987 417	953 953
91 - 120 days	20 246 614	20 015 065
>121 days	31 338 987	29 743 879
	(18 366 604)	(19 922 181)
Less: Provision for debt impairment	<u>12 972 383</u>	<u>9 821 698</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Net balance		
Electricity	7 459 991	5 409 454
Water	2 503 291	2 009 894
Sanitation	175 394	164 987
Sewerage	1 083 948	843 912
Refuse	1 652 691	1 251 836
Other	97 068	141 615
	12 972 383	9 821 698
Electricity		
Current (0 -30 days)	5 240 411	3 982 171
31 - 60 days	847 384	566 049
61 - 90 days	685 556	326 919
91 - 120 days	445 648	236 165
>121 days	2 209 950	2 417 553
	9 428 949	7 528 857
Water		
Current (0 -30 days)	1 010 091	1 067 172
31 - 60 days	257 072	400 177
61 - 90 days	274 338	422 701
91 - 120 days	220 094	304 620
>121 days	6 942 363	6 799 774
	8 703 958	8 994 444
Sanitation		
Current (0 -30 days)	33 571	50 304
31 - 60 days	14 292	14 916
61 - 90 days	13 957	14 648
91 - 120 days	13 954	14 763
>121 days	1 197 288	1 278 724
	1 273 062	1 373 355
Sewerage		
Current (0 -30 days)	423 656	439 287
31 - 60 days	133 261	172 163
61 - 90 days	114 627	159 333
91 - 120 days	106 924	144 929
>121 days	3 304 795	3 282 002
	4 083 263	4 197 714
Refuse		
Current (0 -30 days)	559 765	594 750
31 - 60 days	196 860	254 834
61 - 90 days	180 588	239 999
91 - 120 days	169 153	221 289
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	7 010 356	6 937 538
Other		
Current (0 -30 days)	53 624	40 622
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Summary of debtors by customer classification		
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91 - 120 days	987 417	953 953
>121 days	20 246 614	20 015 065
	31 338 987	29 743 879
Less: Provision for debt impairment	(18 366 604)	(19 922 181)
	12 972 383	9 821 698

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
8 Other receivables from non-exchange transactions (continued)		
Other receivables from non-exchange transactions		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts	(231 831)	(231 831)
Insurance claims	2 683	118 448
Hotel refunds	-	6 529
SARS refund - penalty charges	37 593	-
Employee leave overpayment	30 604	-
SARS UIF paid for Councillors	98 634	98 634
Receivables - Other	30 330	15 698
Receivables - Employees	4 830	2
	<u>204 673</u>	<u>239 311</u>
Prior period adjustment		
Balance previously reported		1 912 539
2012: refund on hotel accommodation		6 529
2012: SARS UIF for councillors		19 716
Earlier than 2012: UIF for Councillors		78 918
Earlier than 2012: Billing correction on property rates levied		(1 148)
		<u>2 016 554</u>
As of 30 June 2013, other receivables from non-exchange transactions of R252 969 (2012: R178 572) were impaired and provided for. The amount of the provision was R 6 321 204 as at 30 June 2013 (2012: R 4 079 238).		
Other receivables from non-exchange transactions are financial assets classified as trade and other receivables. No amortisation was applied.		
Other receivables from non-exchange transactions past due but not impaired		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	215 189	173 677
2 months past due	42 939	45 427
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9 Trade receivables from exchange transactions		
Gross balances		
Electricity	9 428 949	7 528 857
Water	8 703 958	8 994 444
Sanitation	1 273 062	1 373 355
Sewerage	4 083 263	4 197 714
Refuse	7 010 356	6 937 538
Other	839 399	711 971
	<u>31 338 987</u>	<u>29 743 879</u>
Less: Provision for debt impairment		
Electricity	(1 968 958)	(2 119 403)
Water	(6 200 667)	(6 984 550)
Sanitation	(1 097 668)	(1 208 368)
Sewerage	(2 999 315)	(3 353 802)
Refuse	(5 357 665)	(5 685 702)
Other	(742 331)	(570 356)
	<u>(18 366 604)</u>	<u>(19 922 181)</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Reconciliation of debt impairment provision		
Balance at beginning of the year	(19 922 181)	(17 278 823)
Contributions to provision	(3 251 180)	(5 053 341)
Debt impairment written off against provision	4 806 757	2 409 983
	<u>(18 366 604)</u>	<u>(19 922 181)</u>
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	<u>12 972 383</u>	<u>9 821 698</u>
The fair value has been determined by using the face value of the outstanding capital.		
Trade receivables impaired		
As of 30 June 2013, consumer debtors of R4 806 757 (2012: R 2 409 983) were impaired and provided for. The amount of the provision was R18 366 604 as at 30 June 2013 (2012: R 19 922 181).		
10 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4 987	4 842
Bank balances	2 269 872	1 638 253
Short-term deposits	24 364 321	18 641 161
	<u>26 639 180</u>	<u>20 284 256</u>

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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10 Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 756	7 500	7 500
ABSA Bank - Fixed deposit - 2055844786	22 856	21 679	20 612	23 371	21 679	20 612
ABSA Bank - Fixed deposit - 2064372621	-	-	289	-	-	289
ABSA Bank - Fixed deposit - 2084303510	-	-	12 497	-	-	12 497
ABSA Bank - Call account - 9067623600	4 866 768	8 135 070	6 147 075	4 883 207	8 171 816	6 147 075
ABSA Bank - Fixed deposit - 3064335048	-	-	22 599	-	-	22 599
ABSA Bank - Fixed deposit - 4064313202	-	-	13 526	-	-	13 526
ABSA Bank - Fixed deposit - 5024312404	-	-	29 891	-	-	29 891
ABSA Bank - Fixed deposit - 9064335011	-	-	13 089	-	-	13 089
ABSA Bank - Fixed deposit - 9073206933	-	-	29 513	-	-	29 513
ABSA Bank - Call account - 99216529966	-	-	269 692	-	-	269 692
Nedbank - Money market - 1263036023	6 082	6 262	6 424	6 082	6 262	6 424
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	66 950	65 016	62 777	66 950	65 016	62 777
Nedbank - Fixed deposit -	10 000 000	-	-	10 035 973	-	-
First National Bank - Money market - 74255023258	-	-	3 253 591	-	-	3 253 591
ABSA - Cheque account - 2200000008	1 783 473	938 177	942 357	2 069 350	1 190 493	1 005 843
ABSA - Cheque account - 4064779134	41 847	13 026	29 647	49 745	14 818	8 266
Investec - Fixed deposit - 50005649159	9 336 382	10 315 114	12 197 019	9 336 382	10 364 288	12 197 019
ABSA - Cheque account - 4061722786	150 777	432 409	558 580	150 777	432 942	558 580
Total	26 287 235	19 938 853	23 621 278	26 634 193	20 279 414	23 663 383

Prior period adjustment

Opening balance as previously reported	19 846 934
Petty cash float not accounted for prior to 2012	500
2012: Billing refund - cheque written back	443
Restated	19 847 877

The municipality has guarantees at ABSA bank to the value of R30 355 relating to the personal bonds of two municipal employees.

The municipality has AVMS facilities at ABSA bank to the value of R1 040 000.

The municipality has Term loan facilities at ABSA bank to the value of R2 969 000.

The municipality has a credit facility of R1 507 000 at ABSA bank. Refer to note 17 for further detail regarding the outstanding finance lease obligation for assets procured by utilising this facility.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R			2012 R (Restated)		
11 Investment property						
	Cost/ Valuation	2013 Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	2012 Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Investment property	24 017 090	-	24 017 090	20 189 682	-	20 189 682

Reconciliation of Investment property - 2013

	Opening balance	Additions	Fair Value Adjustments	Impairment loss	Total
	R	R	R	R	R
Investment properties: Land	19 757 751		1 159 339		20 917 090
Buildings	431 931	2 432 700	235 369		3 100 000
	20 189 682	2 432 700	1 394 708		24 017 090

Reconciliation of investment property - 2012

	Opening balance	Additions	Fair Value Adjustments	Impairment loss	Total
	R	R	R	R	R
Investment property	20 189 682	-	-	-	20 189 682

Pledged as security

No investment property have been pledged as security for loans

Details of valuation

The effective date of the revaluation was at 30 June 2013. Valuations were performed by an independent valuer, Mr MC Dippenaar from the Eastern Cape Department of Local Government and Traditional Affairs. The independent valuer is not related to the Municipality and has recent experience in the location and category of the investment property that have been valued.

The valuation was based on open market value for existing use.

Investment property is split between land and improvements R20,917,090 and R3,100 000 (2012: R19,757,751 and R431,931) respectively.

12 Property, plant and equipment

	2013			2012		
	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	4 552 250	-	4 552 250	4 552 250	-	4 552 250
Buildings	28 633 279	(4 331 521)	24 301 758	25 776 439	(3 926 818)	21 849 621
Plant	4 557 968	(3 058 478)	1 499 490	4 557 968	(1 967 741)	2 590 227
Furniture and fixtures	2 722 396	(1 911 665)	810 731	2 508 036	(1 642 528)	865 508
Motor vehicles	13 898 644	(7 373 353)	6 525 291	13 566 817	(5 748 578)	7 818 239
Office equipment	2 963 642	(2 408 632)	555 011	2 617 506	(2 086 908)	530 598
Other equipment	1 552 173	(728 912)	823 261	1 331 949	(542 156)	789 793
Infrastructure	543 804 973	(248 571 471)	295 233 502	539 552 891	(237 286 587)	302 266 304
WIP	19 156 754	-	19 156 754	516 511	-	516 511
Landfill sites	12 356 200	(5 064 574)	7 291 626	12 354 591	(4 048 890)	8 305 701
Total	634 198 280	(273 448 606)	360 749 674	607 334 958	(257 250 206)	350 084 752

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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12 Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance R	Additions R	Disposals R	Transfers R	Depreciation R	Impairment loss R	Total R
Land	4 552 250	-	-	-	-	-	4 552 250
Buildings	21 849 621	2 856 840	-	-	(404 703)	-	24 301 758
Plant	2 590 227	-	-	-	(1 090 737)	-	1 499 490
Furniture and fixtures	865 508	214 360	-	-	(269 137)	-	810 731
Motor vehicles	7 818 239	344 690	-	(12 863)	(1 624 775)	-	6 525 291
Office equipment	530 598	346 136	-	-	(321 724)	-	555 011
Other equipment	789 793	220 224	-	-	(186 756)	-	823 261
Infrastructure	302 266 304	4 252 082	-	-	(11 284 884)	-	295 233 502
WIP	516 511	18 640 243	-	-	-	-	19 156 754
Landfill sites	8 305 701	1 609	-	-	(1 015 684)	-	7 291 626
Total	350 084 752	26 876 185	-	(12 863)	(16 198 400)	-	360 749 674

Reconciliation of property, plant and equipment - 2012

	Opening balance R	Additions R	Disposals R	Transfers R	Depreciation R	Impairment loss R	Total R
Land	4 549 150	3 100	-	-	-	-	4 552 250
Buildings	22 089 379	155 689	-	-	(382 147)	(13 300)	21 849 621
Plant	2 866 732	-	-	-	(275 044)	(1 461)	2 590 227
Furniture and fixtures	1 091 579	70 880	(11 973)	-	(271 793)	(13 185)	865 508
Motor vehicles	3 440 965	5 503 217	-	-	(1 125 943)	-	7 818 239
Office equipment	491 764	259 780	(7 000)	-	(213 520)	(426)	530 598
Other equipment	453 540	479 848	(469)	-	(137 347)	(5 779)	789 793
Infrastructure	291 461 978	12 741 729	-	9 122 472	(10 777 514)	(282 361)	302 266 304
WIP	9 049 906	589 077	-	(9 122 472)	-	-	516 511
Landfill sites	9 260 208	60 978	-	-	(1 015 485)	-	8 305 701
Total	344 755 201	19 864 298	(19 442)	-	(14 198 793)	(316 512)	350 084 752

Assets subject to finance lease (Net carrying amount)

	2013	2012
Motor vehicles	204 302	612 523
Office equipment	-	353 779
	<u>204 302</u>	<u>966 302</u>

See note 17 on finance leases for assets held under finance lease.

The transfer in Motor Vehicles above is due to the finance lease for motor vehicles being rescaled by ABSA due to a value change causing a decrease in the cost of vehicles. The transfer is an adjustment to the cost of Motor Vehicles.

Pledged as security

No property, plant and equipment has been pledged as security for loans

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

13 Intangible assets

	2013			2012		
	Cost/ Valuation	Accumulated depreciation/ Impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation/ Impairment	Carrying Value
Computer software	141 717	(141 716)	1	141 717	(141 716)	1

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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13 Intangible assets (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Computer software	1	-	-	-	-	-	1

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Computer software	1	-	-	-	-	-	1

Other information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Employee benefit obligations

Defined benefit plan

To value the Post Retirement liability in respect of all eligible Blue Crane Route Municipality employees who belong to one of the following medical schemes: Bonitas, Hosmed, Key Health, LA Health, Samwumed

Data was used in respect of 65 active members and 20 pensioners entitled to a post-retirement medical scheme contribution subsidy.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from in nominal (stated) terms, unless estimates in real (inflation-adjusted) terms are more reliable the market in these bonds is not significant and as prescribed in GRAP25, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 8.73% per annum has been used. The corresponding index-linked yield at this term is 2.09%.

This rate was deduced from the Johannesburg Stock Exchange (JSE) Zero Coupon bond yield after the market close on 28 June 2013.

A health care cost inflation rate of 7.53% has been assumed. This is 1.50% in excess of expected CPI inflation over the expected term of the liability, namely 6.04%. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 1.13% which $(8.76\% - 7.54\%) / 1.0754$.

Post retirement medical aid plan

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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14 Employee benefit obligations (continued)

In-service members

The calculation is based on 65 members (2012: 66) with an average age of 45.6 (2012: 46.5) and an average of 0.3 dependants with a monthly contribution of R1,444 (2012: R1,689)

Continuation members

The calculation is based on 20 members (2012: 22) with an average age of 68 (2012: 68) and an average of 0.5 dependants with a monthly contribution of R1 856 (2012: R1 689).

The amounts recognised in the accumulated surplus are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	15 453 480	13 782 022
Service and interest cost	1 556 341	1 492 004
Benefits paid	(456 122)	(365 000)
Actuarial (gain) / loss recognised in the year	(2 892 651)	544 454
Net liability	13 661 048	15 453 480
Non-current liabilities	13 215 704	14 997 358
Current liabilities	445 344	456 122
	13 661 048	15 453 480

The total liability has decreased by 7% (or R 1.076 million) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	(2 892 651)
Contribution to Actuarial Gain	
Basis changes: increase in net discount rate	(423 062)
Medical inflation higher than assumed	212 828
Changes to membership profile different from assumed and other unquantifiable changes	(2 682 417)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	5 805 175	4 678 175
Net expense recognised in the statement of financial performance	1 100 219	1 127 000
Closing balance	6 905 394	5 805 175

Net expense recognised in the statement of financial performance

Current service cost	695 168	662 000
Interest cost	861 173	830 000
Benefits paid	(456 122)	(365 000)
Total included in employee related costs	1 100 219	1 127 000

Indicator

	Past service liability	Sensitivity to medical inflation
1%	15 482 000	13%
Base	13 661 048	-
-1%	12 090 000	-11%

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
15 Other financial liabilities		
Held at amortised cost		
Absa Bank loan	2 543 776	3 140 251
Total loan of R3,5 million was taken up from ABSA Bank (R1 000 000 on 19/10/2010 and R2 500 000 on 06/06/2012). Instalments are R125 114.50 (9.75%) and R321 680.34 (9.74%) respectively. Both loans are over a period of 5 years and is semi-yearly payable.		
No defaults or breaches or re-negotiations of the terms and conditions occurred during the year. The loans are not secured and there are no loan covenants.		
Non-current liabilities		
At amortised cost	1 887 249	2 543 776
Current liabilities		
At amortised cost	656 527	596 475
Prior period adjustment	2 543 776	3 140 251
Balance previously reported		3 137 548
2012: adjustment to capital balance		2 703
Restated		3 140 251
16 Finance lease obligation		
Minimum lease payments due		
- within one year	380 635	1 020 063
- in second to fifth year inclusive	-	270 193
less: future finance charges	380 635	1 290 256
Present value of minimum lease payments	(4 269)	(94 474)
	376 366	1 195 782
Present value of minimum lease payments due		
- within one year	376 366	929 930
- in second to fifth year inclusive		265 852
	376 366	1 195 782
Non-current liabilities		
Current liabilities	-	402 889
	376 366	792 893
	376 366	1 195 782

It is municipality policy to lease certain property, plant and equipment under finance leases. The average lease term was 3-5 years and the average effective borrowing rate was 9%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12. Property, plant and equipment for the carrying value of assets subject to finance lease.

All financial leases before 1 July 2008 are treated as contingent payment. There are no subleases

No terms and conditions were re-negotiated.

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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17 Unspent conditional grants and receipts

Other grants	7 848 561	1 749 655
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Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The municipality complied with all the conditions attached to the grants / allocations. These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2012	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2013
Municipal Infrastructure Grant (MIG)	-	18 934 021	-	(685 973)	(12 341 555)	5 906 493
Vuna Awards	40 000	-	-	(40 000)	-	-
MSIG Funds	-	800 000	-	(800 000)	-	-
DWAF	86 192	-	-	(86 192)	-	-
FMG	-	1 500 000	-	(1 500 000)	-	-
DR WH CRAIB TRUST	13 015	-	-	-	-	13 015
Deployment of LED	42 390	87 990	-	(76 688)	-	53 692
IDP	-	200 000	-	-	-	200 000
Cacadu: Roads & stormwater	355 718	-	-	-	-	355 718
Dept of housing - RDP Houses	34 635	2 249 467	-	(3 042 057)	-	(757 955)
Cacadu: Rainwater harvesting	2 144	-	-	(2 144)	-	-
Cacadu: Fire fighters	178 047	375 000	-	(389 332)	-	163 715
Skills Development	174 768	554 173	-	(554 984)	-	173 957
Depart Sport: Library admin cost	-	2 197 000	-	(2 197 000)	-	-
EPWP	76 246	1 000 000	-	(932 411)	(143 835)	-
Revenue Enhancement	-	500 000	-	-	-	500 000
Cacadu HIV Special programmes	-	18 290	-	(18 290)	-	-
ACIP Sewer Grant	-	7 186 626	-	-	(7 186 626)	-
ACIP Water conservation	-	2 283 828	-	-	(2 228 626)	55 202
Library grants	-	1 212 541	-	-	(1 212 541)	-
DWA (Masimbambane)	239 605	-	-	-	(239 605)	-
ECDC	482 260	-	-	(482 260)	-	-
Media 24	24 635	-	-	(24 635)	-	-
Cacadu	-	426 769	-	-	-	426 769
	1 749 655	39 525 705	-	(10 831 966)	(23 352 788)	7 090 606
Less: Transfer of Debit Balance to Other receivables from non-exchange transactions (Note 8)						757 955
						7 848 561

Unspent conditional grants and receipts (Overspent)

Grant description	Unspent balance 2012	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2013
MIG	(1 410 979)	1 410 979	-	-	-	-

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) -	Municipal systems improvement and financial management projects and Municipal Infrastructure (MIG)
Cacadu District municipality	Environmental health, rainwater, fire fighting and Integrated dev Planning.
Eastern Cape Department of Roads and Public Works	Labour intensive projects to promote job creation for unemployed people
Eastern Cape Department of Human Settlements	Housing projects

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
15 Other financial liabilities		
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Non-current liabilities	1 887 249	2 543 776
At amortised cost		
Current liabilities		
At amortised cost	656 527	596 475
	2 543 776	3 140 251
Prior period adjustment		
Balance previously reported		3 137 548
2012: adjustment to capital balance		2 703
Restated		3 140 251
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Minimum lease payments due		
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- in second to fifth year inclusive	-	270 193
	380 635	1 290 256
less: future finance charges	(4 269)	(94 474)
Present value of minimum lease payments	376 366	1 195 782
Present value of minimum lease payments due		
- within one year	376 366	929 930
- in second to fifth year inclusive		265 852
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Non-current liabilities	-	402 889
Current liabilities	376 366	792 893
	376 366	1 195 782

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All financial leases before 1 July 2008 are treated as contingent payment. There are no subleases

No terms and conditions were re-negotiated.

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)				
17 Unspent conditional grants and receipts						
Other grants	7 848 561	1 749 655				
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. The municipality complied with all the conditions attached to the grants / allocations. These amounts are invested in a ring-fenced investment until utilised.						
Grant description	Unspent balance 2012	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2013
Municipal Infrastructure Grant (MIG)	-	18 934 021	-	(685 973)	(12 341 555)	5 906 493
Vuna Awards	40 000	-	-	(40 000)	-	-
MSIG Funds	-	800 000	-	(800 000)	-	-
DWAF	86 192	-	-	(86 192)	-	-
FMG	-	1 500 000	-	(1 500 000)	-	-
DR WH CRAIB TRUST	13 015	-	-	-	-	13 015
Deployment of LED	42 390	87 990	-	(76 688)	-	53 692
IDP	-	200 000	-	-	-	200 000
Cacadu: Roads & stormwater	355 718	-	-	-	-	355 718
Dept of housing - RDP Houses	34 635	2 249 467	-	(3 042 057)	-	(757 955)
Cacadu: Rainwater harvesting	2 144	-	-	(2 144)	-	-
Cacadu: Fire fighters	178 047	375 000	-	(389 332)	-	163 715
Skills Development	174 768	554 173	-	(554 984)	-	173 957
Depart Sport: Library admin cost	-	2 197 000	-	(2 197 000)	-	-
EPWP	76 246	1 000 000	-	(932 411)	(143 835)	-
Revenue Enhancement	-	500 000	-	-	-	500 000
Cacadu HIV Special programmes	-	18 290	-	(18 290)	-	-
ACIP Sewer Grant	-	7 186 626	-	-	(7 186 626)	-
ACIP Water conservation	-	2 283 828	-	-	(2 228 626)	55 202
Library grants	-	1 212 541	-	-	(1 212 541)	-
DWA (Masimbambane)	239 605	-	-	-	(239 605)	-
ECDC	482 260	-	-	(482 260)	-	-
Media 24	24 635	-	-	(24 635)	-	-
Cacadu	-	426 769	-	-	-	426 769
	1 749 655	39 525 705	-	(10 831 966)	(23 352 788)	7 090 606
Less: Transfer of Debit Balance to Other receivables from non-exchange transactions (Note 8)						757 955
						7 848 561

Unspent conditional grants and receipts (Overspent)

Grant description	Unspent balance 2012	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2013
MIG	(1 410 979)	1 410 979	-	-	-	-

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) -	Municipal systems improvement and financial management projects and Municipal Infrastructure (MIG)
Cacadu District municipality	Environmental health, rainwater, fire fighting and Integrated dev Planning.
Eastern Cape Department of Roads and Public Works	Labour intensive projects to promote job creation for unemployed people
Eastern Cape Department of Human Settlements	Housing projects

Blue Crane Route Municipality

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)		
18 Provisions				
Reconciliation of provisions - 2013				
	Opening Balance	Additions	Utilised in the year	Total
Leave pay	197 247	-	-	197 247
Environmental rehabilitation	17 402 901	964 121	-	18 367 022
	17 600 148	964 121	-	18 564 269
Reconciliation of provisions - 2012				
	Opening Balance	Additions	Utilised in the year	Total
Environmental rehabilitation	16 908 480	494 421	-	17 402 901
	16 908 480	494 421	-	17 402 901
Prior period adjustment				
Balance previously reported				1 541 572
2012: Recalculation of environmental rehabilitation				683 599
Earlier than 2012: Recalculation of environmental rehabilitation				13 862 455
2012: Licensing of Landfill site				68 923
Earlier than 2012: Licensing of Landfill site				1 246 352
				17 402 901
Environmental rehabilitation provision				
The estimation of the current liability to rehabilitate the landfill sites were performed by Mr J de Wet, a Professional engineer and KV3. The full report is available on request. The amount is made up out of three sites ,Somerset East, Cookhouse and Pearston.				
13th Cheque bonus provision				
The municipality has a constructive obligation to pay a 13th cheque bonus to employees. The municipality would be liable to pay such bonuses (or a pro-rata bonus) in the event of an employee's resignation.				
Performance bonus provision				
The municipality's section 57 managers are, according to their respective contracts with the municipality, entitled to a bonus, based on their performance during the year.				
The bonuses are normally paid during the following financial year.				
Based on previous experience, the calculation was done on the assumption that the maximum bonus to be paid would be 6% of an employee's total package (cost to the municipality). No Provision was made for 2013 due to all section 57 managers that were acting managers for the greatest part of the year.				
19 Payables from exchange transactions				
Trade payables	11 026 729			8 187 374
Payments received in advanced	370 064			362 101
COID	-			803 608
Accrued leave pay	2 826 081			2 678 226
Accrued 13th cheque	1 177 731			1 106 422
Accrued performance bonus	195 686			195 686
Deposits received	78 133			62 439
Payables - Other	1 074 036			1 648 769
	16 748 460			15 044 625

Blue Crane Route Municipality

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
19 Payables from exchange transactions (continued)		
Prior period adjustment		11 514 899
Balance previously reported		3 427
2012: Adjustment for acting allowance payable to employees		36 710
2012: Adjustment for nightshift allowances payable to employees		131 009
2012: Internal audit cost payable		12 622
2012: Employee task grade re-evaluation		4 652
2012: Traffic testing fee		556 116
2012: Adjustment to Auditor General's account for Dev Agency		4 080
2012: COID adjustment after assessment		(348 605)
2012: Licensing of Landfill site		9 858
2012: UIF for councillors		83 202
2012: Reverse discounting		
		13 921
Earlier than 2012: Adjustment for acting allowance payable		14 718
Earlier than 2012: Adjustment for nightshift allowances payable to employees		18 741
Earlier than 2012: Employee task grade re-evaluation		7 000
Earlier than 2012: Employee rental cost payable		4 391
Earlier than 2012: Traffic testing fee		27 007
Earlier than 2012: UIF for Councillors		<u>12 093 748</u>
20 Trade and other payables from non-exchange	<u>57 652</u>	<u>40 727</u>
Dept of Roads - Licences		
21 VAT payable	<u>1 052 102</u>	<u>1 697 172</u>
VAT		
VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.		
22 Consumer deposits	<u>1 895 041</u>	<u>1 713 208</u>
Electricity & water		
23 Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
	Financial	Total
2013		
Other financial liabilities	(2 543 776)	(2 543 776)
Finance lease	(376 367)	(376 367)
Trade and other payables from non-exchange	(57 612)	(57 612)
Payables from exchange transactions	<u>(16 748 460)</u>	<u>(16 748 460)</u>
	<u>(19 726 215)</u>	<u>(19 726 215)</u>
2012		
Other financial liabilities	(3 140 251)	(3 140 251)
Finance lease	(1 195 782)	(1 195 782)
Trade and other payables from non-exchange	(40 707)	(40 707)
Payables from exchange transactions	<u>(15 044 625)</u>	<u>(15 044 625)</u>
	<u>(19 421 365)</u>	<u>(19 421 365)</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
24 Revenue		
Property rates	8 116 578	7 556 602
Service charges	77 431 229	68 634 107
Rental of facilities and equipment	85 567	158 227
Interest received (trading)	2 196 443	2 075 126
Interest received on investments	1 628 930	1 429 518
Income from agency services	614 458	583 878
Fines	75 577	139 928
Licences and permits	740 723	831 535
Government grants and subsidies	78 336 344	61 543 638
Fees earned	308 281	224 979
General	630 721	1 003 934
Private Work	338 652	671 406
Gains on disposal of assets	30 483	1 015 764
Gain on investment properties fair valuation	3 827 408	-
Other income	985 442	1 101 407
	175 346 836	146 970 049
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	77 431 229	68 634 107
Rental of facilities & equipment	85 567	158 227
Interest received - trading	2 196 443	2 075 126
Income from agency services	614 458	583 878
Licences and permits	740 723	831 535
Miscellaneous other revenue	78 336 344	61 543 638
	159 404 764	133 826 511
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	8 116 578	7 556 602
Fines	75 577	139 928
Interest received on investments	1 628 930	1 429 518
Fees earned	308 281	224 979
General	630 721	1 003 934
Private Work	338 652	671 406
Gains on disposal of assets	30 483	1 015 764
Gain on investment properties fair valuation	3 827 408	-
Other income	985 442	1 101 407
	15 942 072	13 143 538
Collectability of amounts		
At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.		
25 Property rates		
Rates received		
All properties	8 116 578	7 556 602
Valuations		
Agricultural	3 090 332 300	1 657 585 450
Commercial	119 986 850	85 692 250
Government	44 050 500	23 779 480
Residential	463 420 000	345 491 171
State	301 684 700	155 995 765
	4 019 474 350	2 268 544 116

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. Rates are levied on an annual basis with the final date for payment being 30 June 2013 (30 June 2012). Interest at prime plus 1% per annum (2012: prime plus 1% per annum), is levied on rates outstanding one month after due date.

A general rate of 0.00042 for agricultural properties, 0.00685 for business properties, 0.00585 for residential properties, 0.01291 for government infrastructure properties and 0.01150 for government properties is applied to property valuations to determine assessment rates (2012: 0.00075 - agricultural properties, 0.00906 - business properties, 0.00803 - residential properties, 0.02007 - government properties and infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2012: R15 000 - residential properties and 30% government infrastructure).

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
26 Service charges		
Sale of electricity	61 633 683	52 630 377
Sale of water	7 969 263	7 893 168
Sewerage and sanitation charges	3 376 507	3 482 358
Refuse removal	4 228 593	4 421 756
Other service charges	223 183	206 448
	77 431 229	68 634 107
Electricity losses incurred during the year - 17 834 526kwh (23%) - 2012: 16 909 333 (23%)		
Water losses incurred during the year (Only for Somerset East) - 558 376 kl (45%) (2012 - n/a)		
27 Investment revenue		
Interest revenue		
Interest	1 127	1 250
Bank	1 627 803	1 428 268
	1 628 930	1 429 518
The amount included in Investment revenue arising from exchange transactions.		
The amount included in Investment revenue arising from non-exchange transactions.		
Total interest income, calculated using the effective interest rate.		
28 Government grants and subsidies		
Equitable share	39 254 000	34 998 000
Government grant - MIG	13 027 528	14 579 350
Government grant - FMG	1 500 000	1 450 000
Provincial and District Municipality grants	23 398 819	8 004 947
Government grant - MSIG	800 000	790 000
Government grant - NER	-	29 000
Government grant - Media 24	-	142 304
Government grant - IDC	-	5 625
Government grant - ECDC	-	1 544 412
Other financial grants received	355 997	
	78 336 344	61 543 638
29 Other income		
Insurance claims	59 748	202 259
Biltong festival	759 830	649 357
Housing	93 988	114 680
Public contributions	-	59 528
Surpluses	12 688	1 726
Sub-division/rezoning fees	9 479	73 857
General	21 209	52 138
Tourism Hub	8 500	-
LTO	20 000	-
	985 442	1 153 545
30 Employee related costs		
Basic	34 532 992	33 117 526
Bonus	1 602 811	2 810 602
Medical aid - company contributions	1 683 404	1 487 012
UIF	357 294	329 638
WCA	433 979	369 006
SDL	437 694	412 203
Leave pay provision charge	1 089 853	661 004
Post-employment benefits - Pension - Defined contribution plan	239 046	297 000
Travel, motor car, accommodation, subsistence and other allowances	1 560 597	1 047 319
Overtime payments	2 024 337	1 725 917
13th Cheques provision charge	1 177 731	1 106 422
Other allowances	1 555 634	1 446 990
Bargaining council	21 390	14 842
Other contributions	3 860	4 137
Pension contributions	4 720 150	4 367 745
Relocation costs	13 225	14 257
	51 453 997	49 211 620

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
30 Employee related costs (continued)		
Remuneration of municipal manager (Vacant from 1/08/2012 to 30/06/2013)		
Annual Remuneration	46 661	559 951
Car Allowance	10 000	120 000
Provision for Performance Bonuses	-	116 053
Contributions to UIF, Medical and Pension Funds	8 530	102 338
Leave pay out	114 778	-
Annual Bonus	27 219	40 925
	<u>207 188</u>	<u>939 267</u>
Remuneration of chief finance officer (Vacant from 01/01/2013 to 30/04/2013)		
Annual Remuneration	359 436	509 281
Car Allowance	110 000	180 000
Provision for Performance Bonuses	-	96 716
Contributions to UIF, Medical and Pension Funds	1 314	1 546
Acting allowance (Municipal Manager)	56 843	-
Leave pay out	80 829	53 141
	<u>608 422</u>	<u>840 684</u>
Remuneration of manager - corporate services (Vacant from 01/07/2012 to 31/08/2012)		
Annual Remuneration	474 167	601 565
Car Allowance	100 000	120 000
Provision for Performance Bonuses	-	101 236
Contributions to UIF, Medical and Pension Funds	1 523	1 547
Leave pay out	-	50 061
Acting allowance (Municipal Manager)	60 562	-
Long service bonus	-	11 290
	<u>636 252</u>	<u>885 699</u>
Remuneration of manager - community services (Vacant from 01/05/2013 to 30/06/2013)		
Annual Remuneration	552 586	569 391
Car Allowance	110 000	120 000
Provision for Performance Bonuses	-	96 716
Leave pay out	19 511	-
Contributions to UIF, Medical and Pension Funds	1 629	1 546
	<u>683 726</u>	<u>787 653</u>
Remuneration of manager - Infrastructure (Vacant from 01/10/2012 to 30/06/2013)		
Annual Remuneration	180 422	246 533
Car Allowance	30 000	60 000
Provision for Performance Bonuses	-	45 880
Leave pay out	18 599	-
Contributions to UIF, Medical and Pension Funds	392	773
	<u>229 413</u>	<u>353 186</u>
Entity Management		
Remuneration of the chief executive officer		
Annual Remuneration	483 599	428 400
Travel Allowance	101 597	90 000
Annual Bonus	48 734	43 200
Backdated Salaries	30 888	-
Contributions to UIF	1 713	1 497
	<u>666 531</u>	<u>563 097</u>
Remuneration of the legal and administrative manager		
Annual Remuneration	483 599	428 400
Travel Allowance	101 597	90 000
Annual Bonus	48 734	43 200
Backdated Salaries	30 888	-
Contributions to UIF	1 713	1 497
	<u>666 531</u>	<u>563 097</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
30 Employee related costs (continued)		
Remuneration of the business and aviation manager		
Annual Remuneration	483 599	428 400
Travel Allowance	101 597	90 000
Annual Bonus	48 734	43 200
Backdated Salaries	30 888	
Contributions to UIF	1 713	1 497
	<u>666 531</u>	<u>563 097</u>
Remuneration of the financial manager		
Annual Remuneration	215 059	190 512
Annual Bonus	17 922	15 876
Backdated Salaries	11 351	
Contributions to UIF	1 713	1 497
	<u>246 045</u>	<u>207 885</u>
31 Remuneration of councillors		
Councillors	<u>2 739 347</u>	<u>2 451 987</u>
	<u>2 739 347</u>	<u>2 451 987</u>
In-kind benefits		
The mayor nor the councillors received any in-kind benefits.		
32 Debt Impairment		
Contributions to debt impairment provision	5 746 116	6 892 817
Debts impaired	2 851 613	3 296 139
	<u>8 597 729</u>	<u>10 188 956</u>
33 Finance costs		
Trade and other payables	281 104	97 429
Finance leases	100 134	201 187
Interest cost - Landfill sites liability	962 512	850 971
Interest cost - PRMA liability	861 173	830 000
	<u>2 204 923</u>	<u>1 979 587</u>

Interest expense is calculated using the effective interest rate.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
34 Bulk purchases		
Electricity	47 905 451	40 668 498
Water	1 215 286	708 815
	49 120 737	41 377 313
35 General expenses		
Accounting fees	343 957	817 628
Advertising	422 496	498 701
Auditors remuneration	2 482 784	1 752 715
Bank charges	298 133	210 716
Computer expenses	2 272	2 357
Consulting and professional fees	3 593 290	2 367 208
Consumables	222 110	416 635
Donations	7 500	17 442
Entertainment	1 243 050	1 022 105
Animal Costs	400	4 211
Insurance	635 049	667 938
Conferences and seminars	20 303	48 508
IT expenses	5 283	4 713
Rentals ad hoc	563 399	854 859
Refuse Bags	290 679	-
Magazines, books and periodicals	17 766	22 851
Marketing	39 391	1 366
Fuel and oil	3 481 388	2 643 223
Postage and courier	-	517
Printing and stationery	738 666	669 881
Protective clothing	153 750	144 214
Project expenditure	7 070	102 140
Subscription and membership fees	2 291	530
Security (Guarding of municipal property)	803 678	629 186
Telephone and fax	1 644 483	1 578 803
Transport and freight	24 956	37 569
Training	146 365	114 404
Travel - local	153 999	117 767
Title deed search fees	18 082	19 116
Tourism development	313 850	301 116
Water	14 957	52 172
Housing	3 195 291	1 478 455
Licences	602 785	482 379
Stipends - ward committee	690 000	603 692
Obsolete stock	47 430	98 021
Conditional grant expenditure	4 767 285	6 718 448
Cashier shortages	526	1 221
Chemicals	579 678	639 740
Valuations expenses	25 159	-
Laboratory tests	67 293	-
Inter departmental charges	(1 027 151)	(703 552)
Other expenses	782 989	389 737
	27 422 682	24 828 732

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
35 General expenses (continued)		
Other expenses	6 771	4 916
Ward committees	167 233	197 184
Various special events	2 500	2 500
Dis/re-connection fees	402 118	74 178
Levies-SALGA	1 580	3 388
Pauper burials	-	457
Prevention of epidemics	313	-
Municipal Services: Rates	829	11 670
Fruitless, wasteful, unauthorised expenditure	76	2 200
Private works	79 275	63 600
Prodiba	1 417	3 875
Medical expenses	697	8 544
Alien vegetation	120 180	17 225
Disaster assistance	<u>782 989</u>	<u>389 737</u>
36 Auditors' remuneration		
Fees	<u>2 482 784</u>	<u>1 752 715</u>
37 Cash generated from operations		
Surplus/(deficit)	17 340 189	(1 074 064)
Adjustments for:		
Depreciation and amortisation	16 198 400	14 149 763
Gain / Loss on sale of assets and liabilities	(30 483)	(1 012 158)
Gain on investment properties fair valuation	(3 827 408)	-
Finance costs (finance leases)	88 976	196 583
Impairment deficit	-	316 516
Debt impairment	8 597 729	10 188 956
Movement in retirement benefit assets and liabilities	(1 792 432)	1 671 458
Movements in provisions	962 511	1 838 829
Changes in working capital:		
Inventories	140 005	(711 281)
Other receivables from exchange transactions	490 713	(731 986)
Other receivables from non-exchange transactions	(2 118 392)	301 962
Consumer debtors	(9 212 097)	(9 339 478)
Payables from exchange transactions	2 306 989	(554 060)
VAT	(708 747)	323 311
Taxes and transfers payable (non exchange)	16 925	(76 632)
Unspent conditional grants and receipts	2 573 588	(1 813 841)
Consumer deposits	181 833	129 418
	<u>31 208 299</u>	<u>13 803 296</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
38 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Housing projects	2 113 625	5 709 010
Infrastructure	20 804 279	2 664 297
	<u>22 917 904</u>	<u>8 373 307</u>

This committed expenditure relates to Housing and Infrastructure projects and will be financed by Government Grants only.

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated a month to month basis. No straight-lining is possible due to the fact that the contracts are expired and the rent is on a month to month basis.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

39 Contingencies

Matter: Blue Crane Route Municipality vs NJ Jack

An amount of R225 000 was claimed from the management by NJ Jack. The merits of the case is not in dispute. If NJ Jack proceeds with her claim the court can grant an amount of R 225 000 with legal costs. Which costs we expect to be about R 80 000. Therefore the total estimated exposure is R 305 000 against the municipality.

Matter: Blue Crane Route Municipality vs Autumn star

Matter is on going. The possible financial exposure is estimated at around R 3 000 000.

Matter: Blue Crane Route Municipality vs Pinoita & Claasen

This matter has been set down for trial in March 2014: Possible liability unknown, possible legal cost - R350 000

40 Related parties

Relationships

Controlled entities - Blue Crane Development Agency (refer to note 7)

Related party transactions

Audit fees

Blue Crane Development Agency	392 111	728 154
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Grant paid

Blue Crane Development Agency	2 700 000	2 168 315
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EPWP Grant

Blue Crane Development Agency	4 500 000	-
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Contracts awarded to close family members

Inkoleko Trading (Owner is husband of Councillor NP Yantolo)	552 586	
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Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
41 Prior period adjustments		
During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2011), affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
Other receivables from non-exchange transactions		
Correction of rates billing prior to 2012		(1 148)
SARS UIF for councillors prior to 2012		78 918
		<u>77 770</u>
Cash and cash equivalents		
Petty cash float not accounted for prior to 2012		500
		<u>500</u>
Provisions		
Re-calculation of environmental rehabilitation prior to 2012		(13 862 455)
		<u>(13 862 455)</u>
Payables from exchange transactions		
Acting allowance payable prior to 2012		(13 921)
Nightshift allowances payable prior to 2012		(14 718)
Salary adjustment - new task grade prior to 2012		(18 741)
Employee initial rental cost prior to 2012		(7 000)
SABS fee for traffic testing stations prior to 2012		(4 391)
Liability - Licensing of Pearston Landfill site prior to 2012		(1 246 352)
UIF adjusted for Councillors prior to 2012		(27 007)
		<u>(1 332 130)</u>
Accumulated surplus adjustments		
Other receivables from non-exchange transactions		(77 770)
Cash and cash equivalents		(500)
Provisions		13 862 455
Payables from exchange transactions		1 332 130
		<u>15 116 315</u>
Prior period adjustments		
Subsistence and travel cost refund		(6 529)
Employee backpay - Acting allowance		3 427
Employee backpay - Nightshift allowance		36 710
Prof Fees: Internal Audit cost		131 009
Salary adjustment - new task grade evaluation		12 622
Refund cheque written back - billing cr balance		(443)
SABS fee for traffic testing stations		4 652
Adjust audit fee for Dev Agency		556 116
Adjust COID after assessment		4 080
Adjust ABSA external loan between interest and redemption portion		2 703
UIF adjusted for Councillors		(9 858)
Liability - Licensing of Pearston Landfill site		68 923
Re-calculation of environmental rehabilitation provision		683 599
Reverse discounting		83 202
Adjustment: Opening accumulated surplus 2012 (See above detail)		15 116 315
		<u>16 686 528</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
41 Prior period adjustments (continued)		
<u>For detail on the nature of prior period adjustments, refer to relevant notes as listed below</u>		
- Error in assets take on balances: Prior to 2012		
PPE (Note 12)	Error in infrastructure values and Land and buildings classified as Investment prop	(14 062 833)
Investment properties (Note 11)	Error in classification - re-classified as PPE	5 720 946
		<u>(8 341 887)</u>

- Provisions (Note 19) - Adjustment of Land fill sites
- Other receivables from non-exchange transactions (Note 8) - Adjustment of UIF and Rates Accounts
- Cash and cash Equivalents (Note 10) - Adjustment was for Cash float and Stale cheques
- Other financial Liabilities (Note 16) - Adjustment to the capital balance
- Trade payables from exchange transaction (Note 20) - Adjustment of Suppliers balances and Salaries and Wages control

42 Comparative figures

Certain comparative figures have been reclassified.

For detail on the nature of reclassification is listed below

- An amount of R5,720,946 in Investment Property was reclassified to Property, plant and Equipment
- An amount of R135,111 in Miscellaneous other revenue was reclassified to Other Income

43 Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

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.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. During 2013 and 2012, the municipality's borrowings at variable rate were denominated in the Rand.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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43 Risk management (continued)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Other financial liabilities	9.75%	-656 527	-729 894	-541 157	-616 198	-
Finance lease	9%	-262 166	-	-	-	-
Trade and other payables from non-exchange	8,5%	-57 612	-	-	-	-
Payables from exchange transactions	7%	-11 026 729	-	-	-	-
Trade and other receivables - normal credit terms	9.50%	12 972 383	-	-	-	-
Other receivables from non exchange transactions	9.50%	1 298 612	-	-	-	-
Long term receivables	10%	18 493	2 664	-	-	-
Cash in current banking institutions	5%	24 364 321	-	-	-	-

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments 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. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used..

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	<u>2013</u>	<u>2012</u>
Trade receivables from exchange transactions	12 972 383	9 821 698
Other receivables from non-exchange transactions	1 333 771	2 032 254
Other receivables from exchange transactions	646 252	1 151 596
Short term deposits	24 364 321	18 641 161

The municipality holds deposits of R1 895 041 (2012 R1 713 208) from consumer debtors. No guarantees or collateral was provided to third parties.

44 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

45 Events after the reporting date

There are no events after reporting date to report on.

46 Unauthorised expenditure

Opening balance	-	-
Add: Unauthorised Expenditure - current year	357 083	-
Less: Amounts recoverable/condoned	-	-
	<u>357 083</u>	<u>-</u>

47 Fruitless and wasteful expenditure

Opening balance	11 697	-
Add: Fruitless and wasteful expenditure - current year	1 170	11 697
Less: Amounts recoverable/condoned	-	-
	<u>12 867</u>	<u>11 697</u>

No criminal or disciplinary steps have been taken as a consequence of above expenditure.

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
48 Irregular expenditure		
Opening balance		
Add: Irregular Expenditure - current year	3 606 658	1 796 921
Less: Amounts recoverable/condoned or written off by Council	20 363 736	1 809 737
Less: Amounts not recoverable (condoned)	-	-
	-	-
	<u>23 970 394</u>	<u>3 606 658</u>

Details of irregular expenditure - current year

Disciplinary steps taken/criminal proceedings - None
Supply Chain Management regulations not adhered to

23 970 394

49 Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the statement of financial performance:

Net surplus/(deficit) per the statement of financial performance	17 209 829	(630 544)
Adjusted for:		
Depreciation differences	(3 375 445)	11 267 015
Sale of land to Shoprite budgeted as income, not realised	-	3 284 236
Bulk purchases - budget exceeded	1 910 737	1 339 313
Debt impairment - provision more than budgeted	2 300 358	5 244 970
Under-spending on external audit fees	(167 216)	(763 597)
Legal Fees - Budget overspent	703 534	521 934
Nett under-spending Housing project	(153 233)	(688 545)
Over/(under)-spending finance charges	1 861 765	1 214 200
More income with electricity sales	(2 237 044)	(1 508 639)
Savings on repairs and maintenance	(1 025 291)	(1 905 261)
Actuarial gain not budgeted	(2 176 700)	-
Savings on vacant posts/salaries	(3 878 445)	-
Capital grants not utilised (under-spent)	7 116 073	-
Gain on Investment properties re-valuation	(3 827 408)	-
Other savings on expenditure/additional revenue	(711 524)	(1 187 530)
Net surplus per approved budget of the parent entity	<u>13 549 990</u>	<u>16 187 552</u>

50 Additional disclosure in terms of Municipal Finance Management Act

PAYE and UIF

SARS deductions
Amount paid over

6 209 800	5 621 579
(5 727 472)	(5 127 586)
<u>482 328</u>	<u>493 993</u>

The full outstanding amount of R 482 328 was paid in July 2013.

Pension and Medical Aid Deductions

Current year deductions
Amount paid - current year

9 303 509	8 484 013
(9 300 259)	(8 484 013)
<u>3 250</u>	<u>-</u>

The full outstanding amount of R 3 250 was paid in July 2013.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2013:

30 June 2013

NG Mjikelu

	Outstanding less than 90 days R	Outstanding more than 90 days R	TOTAL R
	758	-	758
	<u>758</u>	<u>-</u>	<u>758</u>

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	2013 R	2012 R (Restated)
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50 Additional disclosure in terms of Municipal Finance Management Act (continued)

30 June 2012	Outstanding less than 90 days R	Outstanding more than 90 days R	TOTAL R
CFB Du Preez	465	-	465
NM Nontyi	10	-	10
TJ & NM Yantola	16	-	16
NM Scott	133	-	133
	624	-	624

51 Actual versus Budget: Explanation of significant variances greater than 10% versus budget (See Notes 52 to 57 for full details)

	Final Budget 2013 R	Actual 2013 R	Variance R	Variance %	Explanation
Revenue					
Interest earned - external investments	1 200 000	1 617 760	417 760	35%	Interest received on MIG funds not spent as budgeted
Traffic fines	100 000	75 577	(24 423)	-24%	Traffic fines not realised as suspected
Other revenue	2 037 170	8 868 217	6 831 047	335%	Council did not budget for the actuarial gain on the PRMA and the revaluation of investment properties
Transfers recognise - capital	33 780 470	23 352 788	(10 427 682)	-31%	Vacancies for several months in section 57 positions delayed the progress on capital projects
Expenditure					
Debt impairment	6 297 620	8 597 728	2 300 108	37%	Council could not budget for the full expected debt impairment - savings of other items were used to finance this shortfall
Finance charges	332 000	1 332 593	1 000 593	301%	The interest cost on the rehabilitation of the landfill site was not available during budget process
Depreciation & Assets impairment	19 030 480	16 136 171	(2 894 309)	-15%	A re-calculation of all infrastructure assets resulted in a lesser depreciation as previously

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A1 Budget Summary

Description	2012/2013					2011/12						
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
Financial Performance												
Property rates	8 016	130	8 146	8 117				99,5%				7 557
Service charges	85 390	2 393	87 783	90 268		2 485	102,8%	105,7%				79 091
Investment revenue	1 200	-	1 200	1 618		418	134,8%	134,8%				1 417
Transfers recognised - operational	44 531	13 030	57 561	51 172		(2 638)	95,4%	123,34%				44 709
Other own revenue	9 108	(3 194)	5 913	12 304		6 391	216,0%	141,68%				7 472
Total Revenue (excluding capital transfers and contributions)	148 245	12 411	160 656	164 079		7 166	102,1%	110,68%				140 246
Employee costs	51 796	(411)	51 385	47 467		(3 878)	92,4%	91,7%				45 917
Remuneration of councillors	2 565	215	2 780	2 780		(41)	98,5%	106,73%				2 447
Debt impairment	5 656	841	6 497	8 598		2 100	136,5%	152,00%				10 189
Depreciation & asset impairment	2 845	16 165	19 010	16 156		(2 854)	84,8%	567,18%				14 140
Finance charges	278	278	556	332		(1 333)	401,4%	479,35%				1 145
Materials and bulk purchases	50 357	(3 147)	47 210	49 121		1 911	104,0%	97,55%				41 377
Transfers and grants	-	-	-	-		-	-	-				-
Other expenditure	34 788	19 111	53 899	48 283		(1 864)	96,5%	148,58%				40 804
Total Expenditure	148 245	32 649	180 894	173 677		(3 466)	96,0%	117,16%				156 019
Surplus/(Deficit)	(0)	(20 230)	(20 231)	(9 598)		10 652	47,4%	383,164,40%				(15 773)
Transfers recognised - capital	28 776	5 005	33 780	26 808		(10 428)	69,1%	81,15%				15 143
Contributions recognised - capital & contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	28 776	(15 225)	13 550	17 210		3 660	127,0%	59,81%				(631)
Share of surplus/ (deficit) of associate	-	-	-	-		-	-	-				-
Surplus/(Deficit) for the year	28 776	(15 225)	13 550	17 210		3 660	127,0%	59,81%				(631)
Capital expenditure & funds sources												
Capital expenditure	28 776	5 005	33 780	24 136		(13 100)	61,2%	71,87%				13 235
Transfers recognised - capital	-	-	-	-		-	-	-				-
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	3 157	395	3 552	2 739		(813)	77,1%	86,77%				3 922
Internally generated funds	31 932	5 400	37 332	26 875		(10 457)	72,0%	84,16%				19 707
Total sources of capital funds												
Cash flows												
Net cash from (used) operating	30 442	36 937	67 379	34 944		(38 065)	43,5%	96,30%				13 914
Net cash from (used) investing	270	(37 332)	(37 062)	(26 639)		15 854	57,2%	-7854,88%				(18 610)
Net cash from (used) financing	(750)	-	(750)	(1 469)		(719)	195,9%	195,89%				1 438
Cash/cash equivalents at the year end	28 962	-	28 962	26 485		(3 082)	89,6%	88,39%				19 848

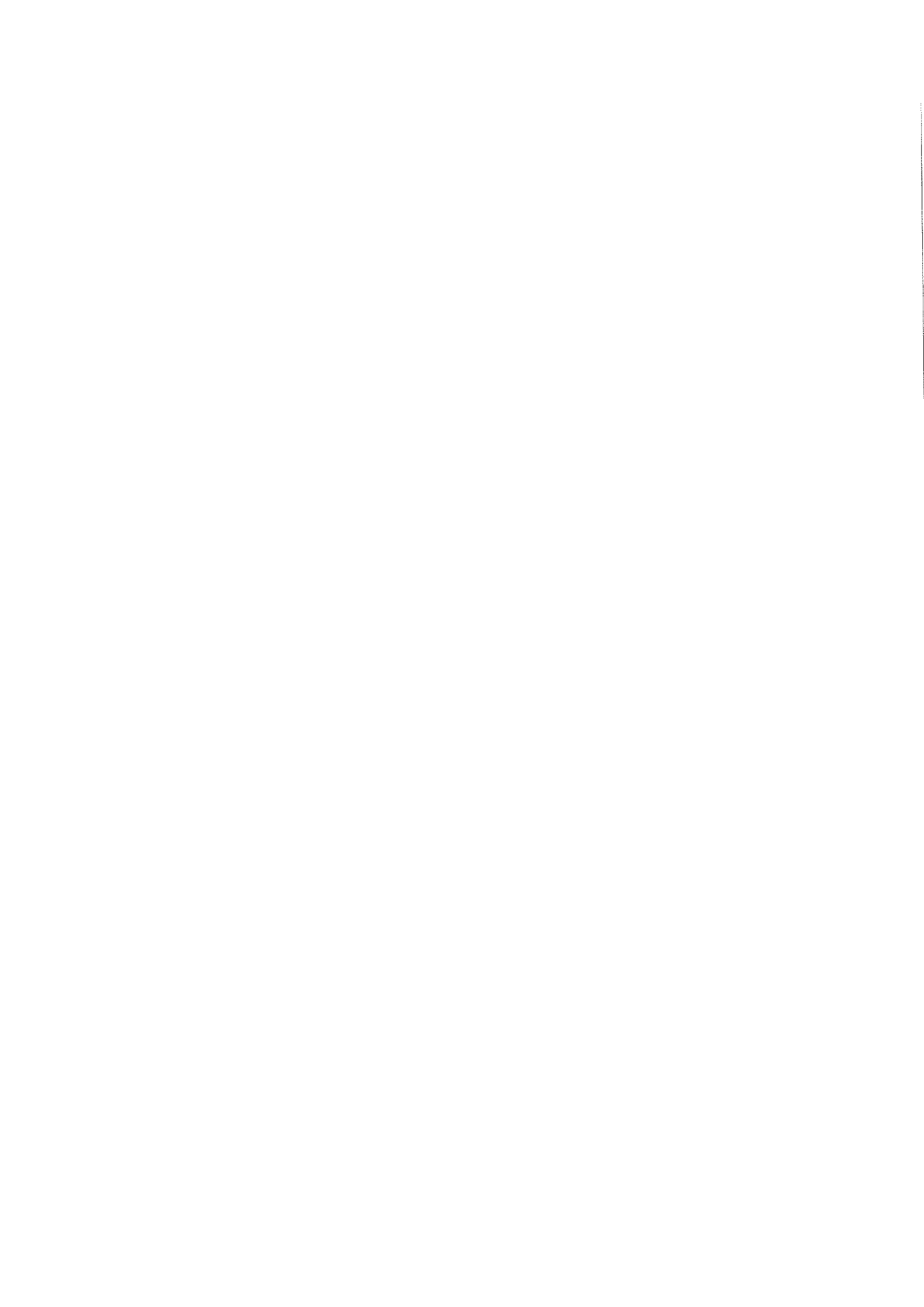
Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2012/2013					2011/2012					Restated Audited Outcome	
	Original Budget (i.e. MFMA s28)	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA		Balance to be recovered
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>												
Executive and council	20 895	5 639	25 534	29 317		2 783	110.5%	140.3%				20 869
Budget and treasury office	2 502	8 980	11 482	11 253		(209)	98.2%	449.8%				1 955
Corporate services	18 383	(9 854)	14 539	17 458		2 919	120.1%	95.1%				18 152
	30	502	532	606		74	113.8%	2020.1%				782
<i>Community and public safety</i>	6 447	5 618	12 265	13 650		1 386	111.5%	211.8%				5 758
Community and social services	1 040	3 199	4 239	3 657		(581)	86.3%	351.8%				690
Sport and recreation												
Public safety	3 550	(1 612)	1 938	1 922		(17)	99.1%	54.1%				1 833
Housing	1 072	4 200	5 278	7 256		1 983	137.8%	676.2%				2 271
Health	794	31	815	815		1	100.1%	104.0%				964
<i>Economic and environmental services</i>	22 330	(469)	21 831	14 203		(7 628)	65.1%	63.8%				16 018
Planning and development												
Road transport	22 330	(469)	21 831	14 203		(7 628)	65.1%	63.8%				16 018
Environmental protection												
<i>Trading services</i>	127 349	6 465	133 614	133 717		(97)	99.8%	105.0%				112 744
Electricity	74 770	510	75 280	77 504		2 224	103.0%	103.7%				67 485
Water	20 440	803	21 243	21 199		(44)	99.8%	103.7%				19 423
Waste water management	17 877	4 775	20 337	20 337		(2 316)	89.8%	113.8%				12 297
Waste management	14 263	376	14 639	14 677		38	100.3%	102.3%				13 540
Other												
Total Revenue - Standard	177 021	17 423	194 444	190 887		(3 556)	98.2%	107.8%				155 389
Expenditure - Standard												
<i>Governance and administration</i>												
Executive and council	37 268	10 014	47 282	41 786		(5 496)	88.3%	112.1%				38 180
Budget and treasury office	12 401	7 294	19 694	14 579		(5 115)	74.0%	117.6%				13 616
Corporate services	19 000	2 325	20 475	20 476		(949)	96.0%	107.8%				18 756
<i>Community and public safety</i>	15 581	5 850	21 431	17 533		(3 898)	107.1%	114.4%				5 808
Community and social services	5 826	70	5 895	5 395		(501)	91.5%	112.5%				13 344
Sport and recreation												
Public safety	3 785	170	3 954	3 148		(805)	79.6%	83.2%				2 308
Housing	5 212	5 514	10 727	8 248		(2 479)	76.9%	158.2%				5 594
Health	759	95	854	741		(113)	86.7%	97.7%				869
<i>Economic and environmental services</i>	8 893	8 021	16 914	14 557		(2 357)	86.1%	163.7%				12 162
Planning and development												
Road transport	8 893	8 021	16 914	14 557		(2 357)	86.1%	163.7%				12 162
Environmental protection												
<i>Trading services</i>	86 504	8 763	95 267	99 822		4 555	104.8%	115.4%				92 333
Electricity	56 408	4 302	60 711	62 548		1 838	103.0%	110.9%				55 682
Water	11 220	2 586	13 816	14 171		354	102.6%	126.2%				14 354
Waste water management	5 782	1 454	7 216	7 703		487	106.7%	133.7%				6 999
Waste management	13 104	421	13 524	15 400		1 876	113.9%	117.5%				15 089
Other												
Total Expenditure - Standard	148 245	32 649	180 894	173 677		(7 216)	96.0%	117.2%				156 019
Surplus/(Deficit) for the year	28 776	(15 225)	13 550	17 210		3 660	127.0%	59.8%				(631)

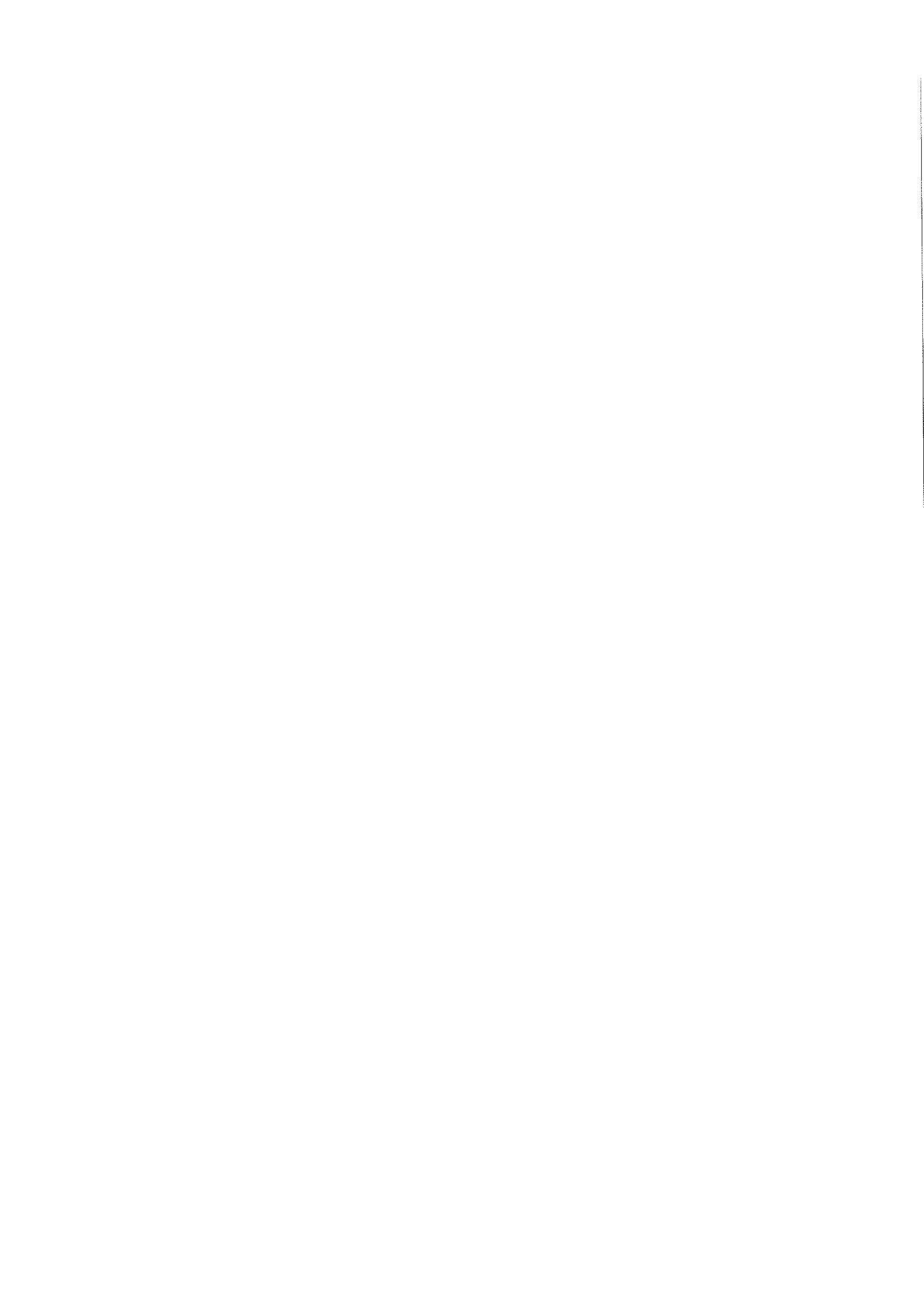


Blue Crane Route Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2012/2013						2011/2012					
	Original Budget	Budget Adjustments (i.e. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	0	0	0	0	0	0	700%	800%	0	0	0	0
Revenue by Vote												
Mayoral Executive	1 753	4 419	6 171	6 211			101%	354%				785
Municipal Council	750	4 541	5 291	5 041		40	101%	712%				1 158
Accounting Officer	18 363	(3 824)	14 539	17 458		46	120%	95%				18 152
Budget & Treasury	136 490	9 790	146 280	140 489		2 919	96%	103%				117 494
Technical Services	19 636	1 994	21 630	21 071		(559)	97%	107%				17 026
Community, Safety & Social Services	30	502	532	606		74	114%	2020%				762
Corporate Services												
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Total Revenue by Vote	177 021	17 423	194 444	190 887		(3 557)	98%	108%				155 389
Expenditure by Vote to be appropriated												
Mayoral Executive	263	23	286	258		(28)	90%	96%				242
Municipal Council	3 957	624	4 581	4 489		(91)	98%	113%				3 796
Accounting Officer	8 180	6 647	14 828	9 882		(1 245)	92%	166%				9 577
Budget & Treasury	19 000	2 325	21 325	20 476		(849)	96%	106%				18 756
Technical Services	87 505	21 878	109 384	107 227		(2 157)	98%	123%				94 990
Community, Safety & Social Services	23 472	756	24 228	24 685		457	102%	105%				22 849
Corporate Services	5 867	395	6 263	6 711		448	107%	114%				5 808
Example 8 - Vote8												
Example 9 - Vote9												
Example 10 - Vote10												
Example 11 - Vote11												
Example 12 - Vote12												
Example 13 - Vote13												
Example 14 - Vote14												
Example 15 - Vote15												
Total Expenditure by Vote	148 245	32 649	180 894	173 677		(3 466)	96%	117%				156 019
Surplus/(Deficit) for the year	28 776	(15 226)	13 550	17 209		204	127%	60%				(61)



Blue Crane Route Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52. (National Treasury Circular 67 requirement)

Description	Note	2012/2013						2011/2012				
		Original Budget	Budget Adjustments (L.L.O. MFMA 528)	Final Adjustments Budget	Actual Outcome	Unauthorized expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered
Revenue By Source		0	0	0	0	0	0	700%	800%	0	0	0
Property rates		8 016	130	8 146	8 117		(29)	100%	101%			7 557
Property rates - penalties & collection charges												
Service charges - electricity revenue		61 950	2 393	64 343	66 590		2 237	103%	107%			56 741
Service charges - water revenue		10 600		10 600	10 821		221	102%	102%			10 236
Service charges - sanitation revenue		5 470		5 470	5 468		(2)	100%	100%			5 158
Service charges - refuse revenue		7 370		7 370	7 398		28	100%	100%			6 957
Service charges - other												
Rental of facilities and equipment		282	155	436	408		(28)	94%	145%			484
Interest earned - external investments	0	1 200		1 200	1 618		418	135%	135%			1 417
Interest earned - outstanding debtors		2 000		2 000	2 196		196	110%	110%			2 075
Dividends received												
Fines		200	(100)	100	76		(24)	76%	38%			140
Licences and permits		710	80	800	741		(59)	83%	104%			632
Agency services		600		600	614		14	102%	102%			594
Transfers recognised - operational		44 531	13 030	57 561	51 172		(6 389)	89%	115%			44 709
Other revenue		5 316	(3 279)	2 037	8 868		6 831	435%	167%			3 347
Total Revenue (excluding capital transfers and contributions)		148 245	12 418	160 663	164 078		3 415	102%	111%			140 246
Expenditure By Type												
Employee related costs		51 756	(411)	51 345	47 467		(3 878)	92%	92%			45 917
Remuneration of councillors		2 585	215	2 799	2 739		(60)	98%	107%			2 447
Debt impairment	0	5 655	641	6 296	8 598		2 300	137%	152%			10 189
Depreciation & asset impairment		2 845	16 185	19 030	16 136		(2 894)	85%	567%			14 140
Finance charges		278	54	332	1 333		1 001	401%	478%			1 145
Bulk purchases		46 100	1 110	47 210	49 121		1 911	104%	107%			41 977
Other materials		4 257	(4 257)									
Contracted services		677	145	822	802		(20)	98%	118%			627
Transfers and grants		34 111	18 966	53 077	47 482		(5 595)	88%	139%			40 177
Other expenditure												
Loss on disposal of PPE												
Total Expenditure		148 245	32 649	180 894	173 677		(7 217)	96%	117%			156 019
Surplus/(Deficit)		(0)	(20 230)	(20 231)	(9 599)		10 632	47%	363372%			(15 778)
Transfers recognised - capital		28 776	5 025	33 799	26 088		(6 972)	79%	93%			15 143
Contributions recognised - capital												
Contributed assets												
Surplus/(Deficit) after capital transfers & contributions		28 776	(15 226)	13 550	17 210		3 660	127%	60%			(631)
Taxation												
Surplus/(Deficit) after taxation		28 776	(15 226)	13 550	17 210		3 660	127%	60%			(631)
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		28 776	(15 226)	13 550	17 210		3 660	127%	60%			(631)
Share of surplus/(deficit) of associate												
Surplus/(Deficit) for the year		28 776	(15 226)	13 550	17 210		3 660	127%	60%			(631)

Blue Crane Route Municipality
Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52. (National Treasury Circular 67 requirement)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Note	2012/2013					2011/2012					
		Original Budget	Budget Adjustments (L.O. MFMA 23)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of MFMA 32 of MFMA	Balance to be recovered
Revenue By Source		0	0	0	0	0	700%	800%	0	0	0	0
Property rates		8 016	130	8 146	8 117	(29)	100%	101%				7 557
Property rates - penalties & collection charges												
Service charges - electricity revenue		61 950	2 393	64 343	66 590	2 227	103%	107%				56 741
Service charges - water revenue		10 600		10 600	10 821	221	102%	102%				10 236
Service charges - sanitation revenue		5 470		5 470	5 468	(2)	100%	100%				5 158
Service charges - refuse revenue		7 370		7 370	7 398	28	100%	100%				6 957
Service charges - other												
Rental of facilities and equipment		282	155	436	408	(28)	94%	145%				494
Interest earned - external investments	0	1 200		1 200	1 618	418	135%	135%				1 417
Interest earned - outstanding debtors		2 000		2 000	2 196	196	110%	110%				2 075
Dividends received												
Fines	0	200	(100)	100	76	(24)	76%	38%				140
Licences and permits		710	90	800	741	(59)	93%	104%				832
Agency services		600		600	614	14	102%	102%				594
Transfers recognised - operational		44 531	13 030	57 561	51 172	(6 389)	89%	115%				44 709
Other revenue	0	5 316	(3 273)	2 037	8 868	6 831	435%	167%				3 347
Gains on disposal of PPE												
Total Revenue (excluding capital transfers and contributions)		148 245	12 418	160 663	164 076	3 415	102%	111%				140 246
Expenditure By Type												
Employee related costs		51 756	(411)	51 345	47 467	(3 878)	92%	92%				45 917
Remuneration of councillors		2 955	215	2 780	2 739	(41)	99%	107%				2 447
Debt impairment	0	5 656	641	6 298	6 598	2 300	137%	152%				10 189
Depreciation & asset impairment		2 845	16 185	19 030	16 136	(2 894)	85%	567%				14 140
Finance charges	0	278	54	332	1 333	1 001	401%	479%				1 145
Bulk purchases		46 100	1 110	47 210	49 121	1 911	104%	107%				41 377
Other materials		4 257	(4 257)									
Contracted services		677	145	822	802	(20)	98%	118%				627
Transfers and grants												
Other expenditure		34 111	18 966	53 077	47 482	(5 595)	89%	139%				40 177
Loss on disposal of PPE												
Total Expenditure		148 245	32 649	180 894	173 677	(7 217)	98%	117%				156 019
Surplus/(Deficit)		(0)	(20 230)	(20 231)	(9 598)	10 632	47%	333372%				(15 778)
Transfers recognised - capital	0	28 776	5 005	33 780	26 808	(6 972)	79%	93%				15 143
Contributors recognised - capital												
Contributed assets												
Surplus/(Deficit) after capital transfers & contributions		28 776	(15 226)	13 550	17 210	3 660	127%	60%				(631)
Taxation												
Surplus/(Deficit) after taxation		28 776	(15 226)	13 550	17 210	3 660	127%	60%				(631)
Attributable to minorities												
Surplus/(Deficit) attributable to municipality		28 776	(15 226)	13 550	17 210	3 660	127%	60%				(631)
Share of surplus/(deficit) of associate												
Surplus/(Deficit) for the year		28 776	(15 226)	13 550	17 210	3 660	127%	60%				(631)

Blue Crane Route Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2013

NOTE 52 (National Treasury Circular 67 requirement)

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2012/2013							2011/2012				
	Original Budget	Total Budget Adjustments (i.t.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Capital Expenditure - Standard												
<i>Governance and administration</i>												
Executive and council	524	10	534	431	-	(102)	81%	82%	-	-	-	693
Budget and treasury office	400	(60)	340	247	-	(93)	73%	62%	-	-	-	72
Corporate services	50	70	120	118	-	(2)	98%	236%	-	-	-	315
<i>Community and public safety</i>												
Community and social services	1 035	5 132	6 167	3 254	-	(2 913)	53%	314%	-	-	-	307
Sport and recreation	913	2 237	3 150	2 705	-	(445)	86%	296%	-	-	-	481
Public safety	122	2 900	2 900	439	-	(2 461)	15%	90%	-	-	-	67
Housing		(5)	117	110	-	(7)	94%	90%	-	-	-	414
Health		-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>												
Planning and development	21 098	(16 345)	4 753	6 416	-	1 664	135%	30%	-	-	-	6 869
Road transport	1 700	(1 560)	140	112	-	(28)	80%	7%	-	-	-	150
Environmental protection	19 378	(14 795)	4 583	6 282	-	1 699	137%	32%	-	-	-	6 524
Electricity	20	10	30	23	-	(7)	76%	114%	-	-	-	195
Water	9 276	16 603	25 879	16 774	-	(9 105)	65%	181%	-	-	-	11 664
Waste water management	1 032	6 471	1 032	568	-	(464)	55%	55%	-	-	-	1 792
Waste management	2 423	10 052	15 507	8 694	-	(6 813)	56%	159%	-	-	-	9 420
<i>Other</i>												
Other	366	80	446	364	-	(82)	82%	98%	-	-	-	390
Total Capital Expenditure - Standard	31 932	5 400	37 332	26 875	-	(10 457)	72%	84%	-	-	-	19 707
Funded by:												
National Government	26 628	(7 300)	19 328	10 843	-	(8 484)	56%	41%	-	-	-	12 250
Provincial Government		12 367	12 367	12 080	-	(287)	98%	664	-	-	-	664
District Municipality	2 148	(62)	2 086	1 213	-	(873)	56%	56%	-	-	-	372
Other transfers and grants												
Transfers recognised - capital	28 776	5 005	33 780	24 136	-	(9 646)	71%	84%	-	-	-	13 265
Public contributions & donations												
Borrowing	3 157	395	3 552	2 739	-	(813)	77%	87%	-	-	-	2 500
Internally generated funds												
Total Capital Funding	31 932	5 400	37 332	26 875	-	(10 457)	72%	84%	-	-	-	19 707

