



Lejweleputswa District Municipality
Consolidated Financial statements
for the year ended 30 June 2013
The Auditor - General: Free State

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

General Information

Legal form of entity	An organ of state exercising legislative and executive authority
Nature of business and principal activities	District Municipality
Mayoral committee	
Executive Mayor	Cllr Selina Nokwanje Leeto
Councillors	Cllr M Lekaota - MMC Corporate Services and Administration Cllr MMT Matlabe - MMC Finance Cllr MH Ntsebenge - MMC Public Works, Roads and Infrastructure Cllr A Olifant - MMC Environmental Health and Disaster Management Cllr KR Phukunsi - MMC LED and Planning, Tourism and Agriculture Cllr MJ Pereko - MMC Social Services Cllr N Speelman - Speaker Cllr XJ Toki - MMC Youth, Sports and Culture Development
Grading of local authority	Low capacity Municipality
Chief Financial Officer	Mr Pantalo Kaizer Pitso
Accounting Officer	Ms. Palesa Matshediso Elizabeth Kaota
Registered office	Office of the Municipal Manager
Business address	Corner Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 2163 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	The Auditor - General: Free State
Municipal Demarcation Code	DC18

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

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

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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
MIG	Municipal Infrastructure Grant (Previously CMIP)

Lejweleputswa District Municipality

Consolidated 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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated 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 financial statements and was given unrestricted access to all financial records and related data.

The consolidated financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The consolidated financial statements set out on pages 6 to 65, which have been prepared on the going concern basis, were approved by the accounting officer on 30 September 2013 and were signed on its behalf by:



Ms. Palesa Matshidiso Elizabeth Kaota
Accounting Officer



Report of the Auditor General

To the Council of Lejweleputswa District Municipality

Report on the financial statements

Other matters

The audit report will be included once issued by the Auditor General.

The Auditor - General: Free State

Partner's name

Additional description

Additional description

31 August 2013

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Financial Position as at 30 June 2013

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2013	2012	2013	2012
Assets					
Current Assets					
Cash and cash equivalents	6	17,667,743	15,277,609	14,981,927	15,115,296
VAT receivable	5	-	329,018	4,750	1,129,353
Other financial assets	3	25,000,000	16,000,000	25,000,000	16,000,000
Receivables from exchange transactions	13	17,732	10,890	-	-
Other receivables from non-exchange transactions	4	1,552,456	627,078	1,552,456	626,246
		44,237,931	32,244,595	41,539,133	32,870,895
Non-Current Assets					
Property, plant and equipment	7	73,771,691	78,792,046	73,722,565	78,733,165
Intangible assets	8	3,127,498	4,827,369	3,120,248	4,812,166
Investments in controlled entities		-	-	100	100
		76,899,189	83,619,415	76,842,913	83,545,431
Non-current assets held for sale	14&42	-	7,660,445	-	7,660,445
Total Assets		121,137,120	123,524,455	118,382,046	124,076,771
Liabilities					
Current Liabilities					
Other financial liabilities	10	1,585,085	1,793,047	1,585,085	1,793,047
Current tax payable	19	771,959	771,959	-	-
Payables from exchange transactions	11	6,652,621	5,061,932	6,459,298	4,774,881
Taxes and transfers payable (non-exchange)		-	23,190	-	-
VAT payable	20	989,870	-	-	-
Retirement benefit obligation	12	20,376	18,600	20,376	18,600
Provisions	15	381,341	381,341	381,341	381,341
Long-term service awards	17	1,822,212	2,147,003	1,822,212	2,147,003
Deferred revenue	18	1,200,000	-	-	-
		13,423,464	10,197,072	10,268,312	9,114,872
Non-Current Liabilities					
Other financial liabilities	10	14,960,102	16,545,187	14,960,102	16,545,187
Retirement benefit obligation	12	5,584,584	5,504,150	5,584,584	5,504,150
		20,544,686	22,049,337	20,544,686	22,049,337
Total Liabilities		33,968,150	32,246,409	30,812,998	31,164,209
Net Assets		87,168,970	91,278,046	87,569,048	92,912,562
Net Assets					
Accumulated surplus		87,168,970	91,278,046	87,569,048	92,912,562

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2013	2012	2013	2012
Revenue					
Government grants & subsidies	22 & 23	102,491,967	96,214,296	99,930,801	96,214,296
Other income	22	500,035	323,471	500,035	323,471
Interest received (trading)	22	856,289	1,133,832	769,874	1,034,111
Interest received - investment	22	2,425,189	2,877,092	2,425,189	2,877,092
Total revenue		106,273,480	100,548,691	103,625,899	100,448,970
Expenditure					
General Expenses	24	(29,413,793)	(35,683,669)	(27,509,424)	(32,885,255)
Employee Related costs	25	(50,141,804)	(45,372,307)	(48,208,182)	(43,239,351)
Remuneration of councillors	26	(8,121,452)	(6,489,670)	(8,121,452)	(6,489,670)
Debt impairment	28	-	(9,246,284)	-	(9,246,284)
Depreciation and amortisation	30	(7,181,150)	(7,990,142)	(7,145,106)	(7,956,294)
Finance costs	31	(2,848,310)	(3,110,248)	(2,840,657)	(3,106,722)
Gain / (Loss) on disposal of assets and liabilities	7	67,982	(521,081)	67,982	(521,081)
Repairs and maintenance	27	(438,906)	(1,575,118)	(438,257)	(1,575,052)
Transfers to local municipalities	33	(1,950,000)	(5,965,522)	(1,950,000)	(5,965,522)
Transfer to the development agency		-	-	(2,500,000)	(2,000,000)
Impairment of assets		(4,185)	(407)	(4,185)	-
Consulting and professional fees	49	(1,849,521)	(3,541,924)	(1,849,521)	(3,541,924)
Audit committee		(30,806)	-	-	-
Total expenditure		(101,911,945)	(119,496,372)	(100,498,802)	(116,527,155)
Operating surplus (deficit)		4,361,535	(18,947,681)	3,127,097	(16,078,185)
Surplus (deficit) for the year		4,361,535	(18,947,681)	3,127,097	(16,078,185)

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Balance at 01 July 2011	109,028,877	109,028,877
Changes in net assets		
Surplus for the year	(18,947,681)	(18,947,681)
Prior period error	1,409,850	1,409,850
2010 Unspent Grant already spent in 2011 deducted from current year Grant income by National Treasury	(213,000)	(213,000)
Total changes	(17,750,831)	(17,750,831)
Opening balance as previously reported	89,705,749	89,705,749
Adjustments		
Correction of errors	1,572,295	1,572,295
Balance at 01 July 2012 as restated	91,278,044	91,278,044
Changes in net assets		
Surplus for the year	4,361,530	4,361,530
Unappropriated Surplus from prior year	(7,689,104)	(7,689,104)
Funding of assets	1,012,000	1,012,000
Transfer of Depreciation to Capital Replacement reserve	(7,214,749)	(7,214,749)
Donations	14,492	14,492
Additions to reserves	1,008,418	1,008,418
Capital replacement reserve	4,398,339	4,398,339
Total changes	(4,109,074)	(4,109,074)
Balance at 30 June 2013	87,168,970	87,168,970
Note(s)		
Controlling entity		
Balance at 01 July 2011	107,793,897	107,793,897
Changes in net assets		
Surplus/ (deficit) for the year	(16,078,185)	(16,078,185)
Prior period error	1,409,850	1,409,850
2010 Unspent Grant already spent in 2011 deducted from current year Grant income by National Treasury	(213,000)	(213,000)
Total changes	(14,881,335)	(14,881,335)
Balance at 01 July 2012	92,912,560	92,912,560
Changes in net assets		
Surplus / (deficit) for the year	3,127,092	3,127,092
Unappropriated Surplus from prior year	(7,689,104)	(7,689,104)
Funding of assets	1,012,000	1,012,000
Transfer of Depreciation to Capital Replacement reserve	(7,214,749)	(7,214,749)
Donations	14,492	14,492
Additions to reserves	1,008,418	1,008,418
Capital replacement reserve	4,398,339	4,398,339
Total changes	(5,343,512)	(5,343,512)
Balance at 30 June 2013	87,569,048	87,569,048

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2013	2012	2013	2012
Cash flows from operating activities					
Receipts					
Cash receipts from Government and Other		103,743,308	96,211,000	100,129,510	96,211,000
Interest income		2,511,604	2,976,813	2,425,189	2,877,092
Other income		-	323,471	-	323,471
		106,254,912	99,511,284	102,554,699	99,411,563
Payments					
Cash paid to Suppliers and Employees		(58,301,167)	(53,074,944)	(55,092,549)	(50,989,242)
Suppliers		(31,438,289)	(48,285,659)	(33,263,694)	(47,185,295)
Finance costs		(2,848,310)	(3,110,248)	(2,840,657)	(3,106,722)
		(92,587,766)	(104,470,851)	(91,196,900)	(101,281,259)
Net cash flows from operating activities	34	13,667,146	(4,959,567)	11,357,799	(1,869,696)
Cash flows from investing activities					
Purchase of property, plant and equipment	7	(2,745,788)	(4,688,009)	(2,727,454)	(4,643,710)
Proceeds from sale of property, plant and equipment	7	1,514,060	107,623	1,281,575	107,623
Purchase of other intangible assets	8	-	(4,511,948)	-	(4,507,577)
Proceeds from sale of other intangible assets	8	1,076,734	-	1,076,734	-
Proceeds from sale of financial assets		(9,000,000)	4,000,000	(9,000,000)	4,000,000
Impairment of assets		(4,185)	-	(4,185)	-
Net cash flows from investing activities		(9,159,179)	(5,092,334)	(9,373,330)	(5,043,664)
Cash flows from financing activities					
Repayment of other financial liabilities		(1,793,047)	(1,552,815)	(1,793,047)	(1,552,815)
Movement in long-term service awards		(324,791)	-	(324,791)	-
Operating lease payments		-	(152,888)	-	(152,888)
Net cash flows from financing activities		(2,117,838)	(1,705,703)	(2,117,838)	(1,705,703)
Net increase/(decrease) in cash and cash equivalents		2,390,129	(11,757,604)	(133,369)	(8,619,063)
Cash and cash equivalents at the beginning of the year		15,277,609	27,035,213	15,115,296	23,734,359
Cash and cash equivalents at the end of the year	6	17,667,738	15,277,609	14,981,927	15,115,296

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received (trading)	645,260	-	645,260	856,289	211,029	
Other income - (rollup)	40,000	50,000	90,000	500,035	410,035	
Interest received - investment	1,680,000	-	1,680,000	2,425,189	745,189	
Total revenue from exchange transactions	2,365,260	50,000	2,415,260	3,781,513	1,366,253	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	106,387,000	(160,541)	106,226,459	102,491,967	(3,734,492)	
Total revenue	108,752,260	(110,541)	108,641,719	106,273,480	(2,368,239)	
Expenditure						
Employee remuneration	(51,676,362)	561,541	(51,114,821)	(50,141,804)	973,017	
Remuneration of councillors	(7,908,779)	(99,999)	(8,008,778)	(8,121,452)	(112,674)	
Consulting and professional fees	(3,813,435)	1,955,659	(1,857,776)	(1,849,521)	8,255	
Depreciation and amortisation	(7,920,439)	-	(7,920,439)	(7,181,150)	739,289	
Impairment loss/ Reversal of impairments	-	-	-	(4,185)	(4,185)	
Finance costs	(2,840,607)	-	(2,840,607)	(2,848,310)	(7,703)	
Debt impairment	(529,200)	-	(529,200)	-	529,200	
Repairs and maintenance	(912,970)	306,620	(606,350)	(438,906)	167,444	
General Expenses	(31,681,654)	(13,661,808)	(45,343,462)	(31,394,599)	13,948,863	
Transfers to local municipalities	(1,950,000)	-	(1,950,000)	-	1,950,000	
Total expenditure	(109,233,446)	(10,937,987)	(120,171,433)	(101,979,927)	18,191,506	
Operating surplus	(481,186)	(11,048,528)	(11,529,714)	4,293,553	15,823,267	
Gain on disposal of assets and liabilities	-	-	-	67,977	67,977	
Surplus before taxation	(481,186)	(11,048,528)	(11,529,714)	4,361,530	15,891,244	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(481,186)	(11,048,528)	(11,529,714)	4,361,530	15,891,244	
Reconciliation						

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received (trading)	645,260	-	645,260	769,874	124,614	
Other income - (rollup)	40,000	50,000	90,000	500,035	410,035	
Interest received - investment	1,680,000	-	1,680,000	2,425,189	745,189	
Total revenue from exchange transactions	2,365,260	50,000	2,415,260	3,695,098	1,279,838	
Revenue from non-exchange transactions						
Transfer Revenue						
Government grants & subsidies	100,387,000	-	100,387,000	99,930,801	(456,199)	
Total revenue	102,752,260	50,000	102,802,260	103,625,899	823,639	
Expenditure						
Employee remuneration	(49,514,858)	782,615	(48,732,243)	(48,208,182)	524,061	
Remuneration of councillors	(7,908,779)	(99,999)	(8,008,778)	(8,121,452)	(112,674)	
Consulting and professional fees	(3,813,435)	1,955,659	(1,857,776)	(1,849,521)	8,255	
Depreciation and amortisation	(7,845,439)	-	(7,845,439)	(7,145,106)	700,333	
Impairment loss/ Reversal of impairments	-	-	-	(4,185)	(4,185)	
Finance costs	(2,840,607)	-	(2,840,607)	(2,840,657)	(50)	
Debt impairment	(529,200)	-	(529,200)	-	529,200	
Repairs and maintenance	(912,970)	306,620	(606,350)	(438,257)	168,093	
Grants and subsidies paid	(2,500,000)	-	(2,500,000)	(2,500,000)	-	
General Expenses	(25,919,962)	(14,721,904)	(40,641,866)	(29,459,424)	11,182,442	
Transfer to local municipalities	(1,950,000)	-	(1,950,000)	-	1,950,000	
Total expenditure	(103,735,250)	(11,777,009)	(115,512,259)	(100,566,784)	14,945,475	
Operating surplus	(982,990)	(11,727,009)	(12,709,999)	3,059,115	15,769,114	
Gain on disposal of assets and liabilities	-	-	-	67,977	67,977	
Surplus before taxation	(982,990)	(11,727,009)	(12,709,999)	3,127,092	15,837,091	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(982,990)	(11,727,009)	(12,709,999)	3,127,092	15,837,091	
Reconciliation						

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Current Assets						
Other financial assets	16,000,000	-	16,000,000	25,000,000	9,000,000	
Other receivables from non-exchange transactions	8,954,104	-	8,954,104	1,552,456	(7,401,648)	
VAT receivable	-	-	-	4,750	4,750	
Cash and cash equivalents	5,604,525	-	5,604,525	14,981,927	9,377,402	
	30,558,629	-	30,558,629	41,539,133	10,980,504	
Non-Current Assets						
Property, plant and equipment	89,724,000	-	89,724,000	73,722,566	(16,001,434)	
Intangible assets	330,000	(70,000)	260,000	3,120,248	2,860,248	
Investments in controlled entities	-	-	-	100	100	
	90,054,000	(70,000)	89,984,000	76,842,914	(13,141,086)	
Total Assets	120,612,629	(70,000)	120,542,629	118,382,047	(2,160,582)	
Liabilities						
Current Liabilities						
Other financial liabilities	-	-	-	1,585,085	1,585,085	
Trade and other payables	6,848,240	-	6,848,240	6,459,301	(388,939)	
Retirement benefit obligation	-	-	-	20,376	20,376	
Government grants received	66,984	-	66,984	-	(66,984)	
Provisions	752,283	-	752,283	381,341	(370,942)	
Long-term service awards	1,706,434	-	1,706,434	1,822,212	115,778	
	9,373,941	-	9,373,941	10,268,315	894,374	
Non-Current Liabilities						
Other financial liabilities	14,964,658	-	14,964,658	14,960,102	(4,556)	
Retirement benefit obligation	4,727,910	-	4,727,910	5,584,584	856,674	
Provisions	1,580,346	-	1,580,346	-	(1,580,346)	
	21,272,914	-	21,272,914	20,544,686	(728,228)	
Total Liabilities	30,646,855	-	30,646,855	30,813,001	166,146	
Net Assets	89,965,774	(70,000)	89,895,774	87,569,046	(2,326,728)	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	(26,206,801)	13,486,822	(12,719,979)	87,569,048	100,289,027	

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1. Presentation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board. These financial statements therefore complies with the Standards of Generally Recognised Accounting Practice.

These consolidated financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

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

1.1 Significant judgements and sources of estimation uncertainty

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

Land	Not depreciated
Buildings and infrastructure	
• Normal Buildings	30 years
• Tiles	10 years
• Paving	30 years
• Fencing	30 years
• Parking	30 years
Motor vehicles	7 years
Emergency equipment	5 years
Office equipment	4 years
Furniture and fixtures	5 years
Plant and Equipment	5 years
Other property, plant and equipment	5 years
Signage	5 years

Other receivables from non-exchange transactions / Held to maturity investments and/or loans and receivables

The economic entity assesses its other receivables from non-exchange transactions, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for other receivables from non-exchange transactions, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Post retirement 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. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The economic entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is 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.

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

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

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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

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

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Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Average useful life
Land	Not depreciated
Buildings and infrastructure	
• Normal Buildings	30 years
• Tiles	10 years
• Paving	30 years
• Fencing	30 years
• Parking	30 years
Motor vehicles	7 years
Emergency equipment	5 years
Office equipment	6 years
Furniture and fixtures	6 years
Plant and Equipment	5 years
Other property, plant and equipment	5 years
Signage	5 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

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

1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the economic entity or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the economic entity; and
- the cost or fair value of the asset 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

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Accounting Policies

1.3 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

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.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

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.

1.4 Investments in controlled entities

1.5 Financial instruments

Classification

The economic entity classifies financial assets and financial liabilities into the following categories:

- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

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Accounting Policies

1.5 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the economic entity becomes a party to the contractual provisions of the instruments.

The economic entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the economic entity's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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Accounting Policies

1.5 Financial instruments (continued)

Impairment of financial assets

At each end of the reporting period the economic entity assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the economic entity, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Receivables from exchange transactions

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

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

Cash and cash equivalents

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

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Accounting Policies

1.5 Financial instruments (continued)

Bank overdraft and borrowings

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the economic entity has the positive intention and ability to hold to maturity are classified as held to maturity.

Financial liabilities and equity instruments

Financial liabilities are classified according to the substance of contractual agreements entered into. Trade and other payables are stated at their nominal value. Equity instruments are recorded at the amount received, net of direct issue costs.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through surplus or deficit is recognised in surplus or deficit;
- A gain or loss on an available-for-sale financial asset is recognised directly in net assets, through the statement of changes in net assets, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in net assets is recognised in surplus or deficit; and
- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

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Accounting Policies

1.5 Financial instruments (continued)

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the economic entity retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the economic entity has transferred its rights to receive cash flows from the asset and either
 - has transferred substantially all the risks and rewards of the asset, or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the economic entity has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the economic entity's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the economic entity could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the economic entity's continuing involvement is the amount of the transferred asset that the economic entity may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the economic entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The economic entity assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

If there is objective evidence that an impairment loss on loans and receivables carried 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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The economic 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 it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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Accounting Policies

1.7 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

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

1.8 Non-current assets held for sale and disposal groups

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

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

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

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

1.9 Impairment of cash-generating assets

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Identification

The economic entity assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the economic entity estimates the recoverable amount of the asset.

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the economic entity determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the economic entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

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Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.10 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the economic entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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Accounting Policies

1.10 Impairment of non-cash-generating assets (continued)

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the economic entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the economic entity.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The economic entity assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the economic entity estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an economic entity after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

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

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

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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Accounting Policies

1.12 Employee benefits (continued)

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.13 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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 expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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 economic entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.13 Provisions and contingencies (continued)

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 expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 36.

1.14 Revenue from exchange transactions

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

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.15 Revenue from non-exchange transactions

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

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

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

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

Measurement

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

Government grants

Government grants are recognised as revenue when:

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

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

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

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.17 Comparative figures

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

1.18 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.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.19 Fruitless and wasteful expenditure

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

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

1.20 Irregular expenditure

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

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

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.

1.21 Use of estimates

The preparation of consolidated financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the economic entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the relevant sections of the consolidated financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.22 Presentation of currency

These consolidated financial statements are presented in South African Rand.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.23 Offsetting

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

1.24 Budget information

Economic Entity 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 economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The consolidated 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.

Comparative information is not required.

1.25 Related parties

The economic entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the economic entity, including those charged with the governance of the economic entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

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

1.26 Internal reserves

Capital replacement reserve (CRR)

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

1.27 Events after reporting date

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

Adjusting events after the reporting period are those events that provide evidence of conditions that existed at the reporting date. The municipality adjusts the amounts recognised in its annual financial statements to reflect adjusting events after the reporting period.

Where non-adjusting events after the reporting period are of such importance that nondisclosure would affect the ability of the users of the financial statements to make proper evaluations and decisions, the municipality discloses the following information for each significant category of non adjusting event after the reporting period:

- (a) The nature of the event; and
- (b) An estimate of its financial effect or a statement that such an estimate cannot be made.

1.28 VAT

The entity accounts for VAT on the cash basis. The entity is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Accounting Policies

1.29 Capital Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the economic entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> GRAP 23: Revenue from Non-exchange Transactions 	01 April 2012	The standard will not have a material impact on the annual financial statements.
<ul style="list-style-type: none"> GRAP 24: Presentation of Budget Information in the Financial Statements 	01 April 2012	Additional disclosure is to be included in the financial statements. Please refer to the Statement of Comparison of Budget and Actual Amounts for disclosure.
<ul style="list-style-type: none"> GRAP 103: Heritage Assets 	01 April 2012	The standard will not have a material impact on the annual financial statements.
<ul style="list-style-type: none"> GRAP 21: Impairment of non-cash-generating assets 	01 April 2012	Significant impact due to valuation of assets.
<ul style="list-style-type: none"> GRAP 26: Impairment of cash-generating assets 	01 April 2012	Significant impact due to valuation of assets.
<ul style="list-style-type: none"> GRAP 104: Financial Instruments 	01 April 2012	There will be significant changes. This main changes relates to the classification of the different categories of financial instruments and the changes in provision for impairment. Refer to note 4,5,6 and 7.

2.2 Standards and interpretations issued, but not yet effective

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> GRAP 18: Segment Reporting 	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements. This is due to the fact that if consolidated financial statements is prepared, segment reporting only needs to be applied to the consolidated set of financial statements.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

2. New standards and interpretations (continued)

• GRAP 25: Employee benefits	01 April 2013	The most significant impact of the standard relates to actuarial gains and losses that may now only be recognised in full in the year that it arises (no more options).
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. A transfer of functions between entities under common control is not expected in the near future.
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. A transfer of functions between entities under common control is not expected in the near future.
• GRAP 107: Mergers	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. A Merger is not expected in the near future.
• GRAP 20: Related parties	01 April 2013	The main impact is expected to affect the disclosure of a more disaggregated councillor remuneration.
• IGRAP 11: Consolidation - Special purpose entities	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. Management is not aware of any Special purpose entities that will be effected by the Standard.
• IGRAP 12: Jointly controlled entities - Non-monetary contributions by ventures	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. Management is not aware of any Jointly controlled entities that will be effected by the Standard.
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

2. New standards and interpretations (continued)

• GRAP 7 (as revised 2010): Investments in Associates	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. Management is not aware of any Investments in Associates that will be effected by the Standard.
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2014	It is unlikely that the standard will have a material impact on the annual financial statements. Management is not aware of any Interests in Joint Ventures that will be effected by the Standard.
• GRAP 1 (as revised 2012): Presentation of Financial Statements	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 7 (as revised 2012): Investments in Associates	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements. Management is not aware of any Investments in Associates that will be effected by the Standard.
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 12 (as revised 2012): Inventories	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements. The municipality does not own any biological assets.
• GRAP 13 (as revised 2012): Leases	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.
• GRAP 16 (as revised 2012): Investment Property	01 April 2013	It is unlikely that the standard will have a material impact on the annual financial statements.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

2. New standards and interpretations (continued)

- | | | |
|--|---------------|--|
| • GRAP 17 (as revised 2012): Property, Plant and Equipment | 01 April 2013 | It is unlikely that the standard will have a material impact on the annual financial statements. |
| • GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101) | 01 April 2013 | It is unlikely that the standard will have a material impact on the annual financial statements. The municipality is not involved in agricultural activities and therefore this standard is not considered applicable. |
| • GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102) | 01 April 2013 | It is unlikely that the standard will have a material impact on the annual financial statements. |
| • IGRAP16: Intangible assets website costs | 01 April 2013 | It is unlikely that the standard will have a material impact on the annual financial statements. |
| • IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue | 01 April 2013 | It is unlikely that the standard will have a material impact on the annual financial statements. |

The aggregate impact of the initial application of the statements and interpretations on the economic entity's consolidated financial statements is expected to be as follows:

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
3. Other financial assets				
At amortised cost				
African Bank Fixed Account The maturity date of the investment is 2013/07/02 and interest is earned at a rate of 5.25% per annum.	5,000,000	4,000,000	5,000,000	4,000,000
Absa Bank Bank Fixed Account The maturity date of the investment is 2013/07/01 and interest is earned at a rate of 5.22% per annum.	5,000,000	4,000,000	5,000,000	4,000,000
Standard Bank Fixed Account Investment matured during financial year.	-	4,000,000	-	4,000,000
First National Bank Fixed Account The maturity date of the investment is 2013/07/02 and interest is earned at a rate of 5.22% per annum.	5,000,000	4,000,000	5,000,000	4,000,000
Nedbank Fixed Account The maturity date of the investment is 2013/07/02 and interest is earned at a rate of 5.25% per annum.	10,000,000	-	10,000,000	-
	25,000,000	16,000,000	25,000,000	16,000,000
Current assets				
Held to maturity	25,000,000	16,000,000	25,000,000	16,000,000

Fair value information

Fair values are determined annually at statement of financial position date.

Fair values hierarchy of financial assets at fair value through surplus or deficit

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2

African Bank Fixed Deposit	5,000,000	4,000,000	5,000,000	4,000,000
Absa Bank Fixed Deposit	5,000,000	4,000,000	5,000,000	4,000,000
Standard Bank Fixed deposit	-	4,000,000	-	4,000,000
First National Bank Fixed deposit	5,000,000	4,000,000	5,000,000	4,000,000
Nedbank fixed deposit	10,000,000	-	10,000,000	-
	25,000,000	16,000,000	25,000,000	16,000,000

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
4. Other receivables from non-exchange transactions				
Deposits	4,700	4,700	4,700	4,700
Payments made in Advance	1,008	1,008	1,008	1,008
Sundry Debtors	13,916,795	12,991,417	13,916,795	12,990,585
Provision for impairment	(12,370,047)	(12,370,047)	(12,370,047)	(12,370,047)
	1,552,456	627,078	1,552,456	626,246

Included in Other receivables are irregular expenditure incurred during the year. Refer to note 39.

Other receivables from non-exchange transactions

Other receivables from non-exchange transactions	10,643,539	2,398,239	10,347,575	2,398,239
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The average credit period for Sundry Debtors is more than 120 days. No interest is charged for the first 30 days from the date of the invoice. Thereafter interest is charged at the prime rate, charged by the municipality's banker, plus one percent per annum on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Sundry Debtors.

The management of the municipality is of the opinion that the carrying value of Sundry Debtors are approximate their fair values.

The fair value of Sundry Debtors was determined after considering the standard terms and conditions of agreements entered into between the municipality and National/Provincial Departments as well as Sundry Debtors. The current payment ratios of Sundry Debtors were also taken into account for fair value determination

Other receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 10,643,539 (2012: R 2,398,239) were past due but not impaired.

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

0- 30 Days	12,105	-	12,105	-
+ 120 Days	10,335,470	2,398,239	10,335,470	2,398,239
	10,347,575	2,398,239	10,347,575	2,398,239

Other receivables from non-exchange transactions impaired

As of 30 June 2013, other receivables from non-exchange transactions of R 12,025,682 (: R 10,592,346) were impaired and provided for.

The fair value of the provision was R 12,025,682 as of 30 June 2013 (2012: R 10,592,346).

The ageing of these amounts are as follows:

3 to 6 months	-	251,600	-	251,600
Over 6 months	10,025,682	10,340,746	12,025,682	10,340,746

Reconciliation of provision for impairment of other receivables from non-exchange transactions

Opening balance	10,592,346	10,047,791	10,592,346	10,047,791
Provision for impairment	1,433,336	7,468,582	1,441,700	7,468,582
Amounts written off as uncollectible	-	(6,924,027)	-	(6,924,027)
	12,025,682	10,592,346	12,034,046	10,592,346

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

4. Other receivables from non-exchange transactions (continued)

The Provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

The Provision for Impairment on the Sundry Debtors (loans and receivables) exists predominantly due to the possibility that these debts will not be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

In determining the recoverability of a Debtor, the municipality considers any changes in the credit quality of the Debtor from the date credit was initially granted up to the reporting date. Management believe that there is no further credit provision required in excess of the Provision for Impairment.

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

5. VAT receivable

VAT	-	329,018	4,750	1,129,353
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VAT is payable to the South African Revenue Service on the receipt basis. Only when payment is made to creditors, Input VAT is claimed from the South African Revenue Service.

No interest is payable to the South African Revenue Service if the VAT is paid over timeously, but interest for late payments is charged according to the South African Revenue Service's policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,909	2,459	2,200	2,200
Bank balances	15,026,301	15,122,320	14,979,727	15,113,096
Short-term deposits	2,638,533	152,830	-	-
	17,667,743	15,277,609	14,981,927	15,115,296

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash on hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

The management of the municipality is of the opinion that the carrying value of Bank balances, Cash and Cash equivalents recorded at amortised costs in the Annual Financial statements approximate their fair values.

The fair value of Bank balances, Cash and Cash equivalents was determined after considering the standard terms and conditions of agreements entered into between the municipality and financial institutions.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

6. 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 2013	30 June 2012
ABSA Bank - Cheque Account - 1340000117	4,041,011	5,579,247	4,041,011	5,113,096
Nedbank - Call Account - 000001	-	5,000,000	-	5,000,000
Nedbank - Call Account - 000002	-	5,000,000	-	5,000,000
Standard Bank - Call Account - 9275618908	5,000,000	-	5,000,000	-
ABSA Bank - Call Account - 9275618908	5,938,716	-	5,938,716	-
Cash on hand	2,200	2,200	2,200	2,200
Total	14,981,927	15,581,447	14,981,927	15,115,296

7. Property, plant and equipment

Economic entity

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Furniture and fixtures	149,334	(148,334)	1,000	149,334	(137,751)	11,583
Office equipment	89,881	(49,191)	40,690	71,548	(41,596)	29,952
IT equipment	67,384	(59,949)	7,435	67,384	(50,038)	17,346
Other property, plant and equipment	88,567,881	(17,715,315)	70,852,566	79,281,513	(3,418,348)	75,863,165
Total	91,744,480	(17,972,789)	73,771,691	82,439,779	(3,647,733)	78,792,046

Controlling entity

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Buildings	73,305,076	(10,382,026)	62,923,050	73,256,436	(7,950,153)	65,306,283
Motor vehicles	1,424,480	(395,120)	1,029,360	1,424,480	(304,635)	1,119,845
Other equipment	13,838,325	(6,938,170)	6,900,155	4,600,597	4,836,440	9,437,037
Total	91,437,881	(17,715,316)	73,722,565	82,151,513	(3,418,348)	78,733,165

Reconciliation of property, plant and equipment - Economic entity - 2013

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

7. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Furniture and fixtures	11,583	-	-	(10,583)	1,000
Office equipment	29,952	18,334	-	(7,596)	40,690
Other property, plant and equipment	75,863,165	2,727,454	(1,208,131)	(6,529,922)	70,852,566
IT equipment	17,346	-	-	(9,911)	7,435
	78,792,046	2,745,788	(1,208,131)	(6,558,012)	73,771,691

Reconciliation of property, plant and equipment - Economic entity - 2012

	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Depreciation	Total
Land	2,870,000	-	-	-	-	-	-
	2,870,000						
Buildings	67,412,336	262,887	-	-	111,148	(2,480,088)	
	65,306,283						
Motor vehicles	4,443,450	200,000	(240,069)	(1,112,894)	(1,961,834)	(208,808)	
	1,119,845						
Office equipment	15,039,964	4,225,122	(388,634)	(6,547,552)	1,846,834	(4,679,814)	
	9,495,920						
	89,765,750	4,688,009	(628,703)	(7,660,446)	(3,852)	(7,368,710)	
		78,792,048					

Reconciliation of property, plant and equipment - Controlling entity - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Motor vehicles	1,119,845	200,000	(200,000)	(90,485)	1,029,360
Building	65,306,283	48,640	-	(2,431,873)	62,923,050
Other equipment	9,437,037	2,478,814	(1,008,131)	(4,007,564)	6,900,156
	78,733,165	2,727,454	(1,208,131)	(6,529,922)	73,722,566

Reconciliation of property, plant and equipment - Controlling entity - 2012

	Opening balance	Additions	Disposals	Classified as held for sale	Transfers	Depreciation	Total
Land	2,870,000	-	-	-	-	-	2,870,000
Buildings	67,412,336	262,887	-	-	111,148	(2,480,088)	65,306,283
Motor vehicles	4,443,450	200,000	(240,069)	(1,112,894)	(1,961,834)	(208,808)	1,119,845
Office equipment	14,998,160	4,180,823	(388,634)	(6,547,552)	1,846,834	(4,652,593)	9,437,038
	89,723,946	4,643,710	(628,703)	(7,660,446)	(3,852)	(7,341,489)	78,733,166

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.

Pledged as security

No assets have been pledged as security.

The municipality received an amount of R63 762,95 with regards to an insurance claim on a server damaged by lightning. The amount is included in the surplus.

In the prior period the municipality transferred the yellow fleet assets to Matjhabeng Local Municipality with effect from 01 July 2012. The disposal was completed by the 01/07/2012

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

8. Intangible assets

Economic entity	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	6,514,593	(3,394,345)	3,120,248	6,514,594	(1,702,428)	4,812,166
Computer software, other	27,281	(20,031)	7,250	27,281	(12,078)	15,203
Total	6,541,874	(3,414,376)	3,127,498	6,541,875	(1,714,506)	4,827,369

Controlling entity	2013			2012		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	6,514,593	(3,394,345)	3,120,248	6,514,594	(1,702,428)	4,812,166

Reconciliation of intangible assets - Economic entity - 2013

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	4,812,166	(1,076,734)	(615,184)	3,120,248
Computer software, other	15,203	-	(7,953)	7,250
	4,827,369	(1,076,734)	(623,137)	3,127,498

Reconciliation of intangible assets - Economic entity - 2012

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software, internally generated	915,545	4,507,577	3,848	(614,804)	4,812,166
Computer software, other	17,867	4,371	-	(7,035)	15,203
	933,412	4,511,948	3,848	(621,839)	4,827,369

Reconciliation of intangible assets - Controlling entity - 2013

	Opening balance	Disposals	Amortisation	Total
Computer software	4,812,166	(1,076,734)	(615,184)	3,120,248

Reconciliation of intangible assets - Controlling entity - 2012

	Opening balance	Additions	Transfers	Amortisation	Total
Computer software	915,545	4,507,577	3,848	(614,804)	4,812,166

Pledged as security

No Intangible assets had been pledged as security for any liabilities of the municipality.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

8. Intangible assets (continued)

Restricted title

No restrictions apply to any of the Intangible Assets of the municipality

Other information

The amortisation has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance.

Refer to Appendix B for more detail on Intangible Assets.

9. Financial assets by category

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

Controlling entity - 2013

	Loans and receivables	Held to maturity investments	Fair value through surplus or deficit - designated	Total
Other receivables from non exchange transactions	1,552,456	-	-	1,552,456
Cash and cash equivalents	-	-	14,981,927	14,981,927
Other financial assets	-	25,000,000	-	25,000,000
Investment in subsidiary	-	-	100	100
VAT Receivable	4,750	-	-	4,750
	1,557,206	25,000,000	14,982,027	41,539,233

Controlling entity - 2012

	Loans and receivables	Held to maturity investments	Fair value through surplus or deficit - designated	Total
Other receivables from non exchange transactions	626,246	-	-	626,246
Cash and cash equivalents	-	-	15,115,296	15,115,296
Other financial assets	-	16,000,000	-	16,000,000
Investment in subsidiary	-	-	100	100
VAT Receivable	1,129,353	-	-	1,129,353
	1,755,599	16,000,000	15,115,396	32,870,995

10. Other financial liabilities

At amortised cost

DBSA Loan (61003236)	2,375,098	2,532,903	2,375,098	2,532,903
DBSA Loan (61003237)	1,820,062	1,940,990	1,820,062	1,940,990
DBSA Loan (61004020)	(20)	432,793	(20)	432,793
DBSA Loan (61001256)	332,468	369,301	332,468	369,301
DBSA Loan (61001257)	81,549	91,898	81,549	91,898
DBSA Loan (61001258)	419,859	473,142	419,859	473,142
DBSA Loan (61001259)	851,609	945,955	851,609	945,955
DBSA Loan (61001299)	2,149,970	2,422,817	2,149,970	2,422,817
Concessionary loans received	8,514,592	9,128,435	8,514,592	9,128,435
	16,545,187	18,338,234	16,545,187	18,338,234

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

Total other financial liabilities	16,545,187	18,338,234	16,545,187	18,338,234
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These loans are from The Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2020 and the loans bear interest between 10% and 16.5%.

The entity did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix B for further detail.

Non-current liabilities

At amortised cost	14,960,102	16,545,187	14,960,102	16,545,187
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Current liabilities

At amortised cost	1,585,085	1,793,047	1,585,085	1,793,047
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Financial liabilities at amortised cost

Fair values of financial liabilities measured or disclosed at amortised cost

Long term loans DBSA	-	-	16,545,187	18,338,234
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11. Payables from exchange transactions

Trade payables	1,042,971	1,341,801	1,042,967	1,341,802
Salaries and wages	13,313	13,313	-	-
Annual Bonus accrued	1,114,790	710,963	1,064,010	660,280
Accrued leave pay	4,329,311	2,786,098	4,265,028	2,685,506
Retention Creditors	87,293	87,293	87,293	87,293
Accrued Expenses	64,943	122,464	-	-
	6,652,621	5,061,932	6,459,298	4,774,881

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The management of the municipality is of the opinion that the carrying value of payables under exchange transactions approximate their fair values.

The fair value of payables under exchange transactions was determined after consideration the standard terms and conditions of agreements entered into between the municipality and other parties.

The leave accrual accrues to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

12. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by finding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Arch Actuaries. Fellow of the Faculty of Actuaries in the United Kingdom. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The members of the Post - employment Health Care Benefit Plan are made up as follows: In

- service Members (Employees) : 97 (2012: 79)
- In - service Members (Employees) - Non - Members : 13 (2012: 7)
- Continuation Members (Retirees, widowers and orphans) : 1 (2012:1)

The Current-service Cost for the year ending 30 June 2012 is estimated to be R438, 517 whereas the cost for the ensuing year is estimated to be R637, 084.

The amounts recognised in the statement of financial position are as follows:

Carrying value

Present value of the defined benefit obligation-wholly unfunded	(5,522,750)	(4,744,518)	(5,522,750)	(4,744,518)
Contribution to provision	(82,210)	(778,232)	(82,210)	(778,232)
	(5,604,960)	(5,522,750)	(5,604,960)	(5,522,750)
Non-current liabilities	(5,584,584)	(5,504,150)	(5,584,584)	(5,504,150)
Transfer to current provisions	(20,376)	(18,600)	(20,376)	(18,600)
	(5,604,960)	(5,522,750)	(5,604,960)	(5,522,750)

The Liability in respect of past service has been estimated as follows:

In - service (Employees) Members	5,178,211	5,230,721	5,178,211	5,230,721
In - service (Employees) Non Members	131,652	-	131,652	-
Continuation Members	195,097	292,029	195,097	292,029
	5,504,960	5,522,750	5,504,960	5,522,750

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

12. Employee benefit obligations (continued)

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

Balance at the beginning of the year	5,522,750	4,744,518	5,522,750	4,744,518
Benefits paid	(18,600)	(16,608)	(18,600)	(16,608)
Net expense recognised in the statement of financial performance	100,810	794,840	100,810	794,840
	5,604,960	5,522,750	5,604,960	5,522,750

Net expense recognised in the statement of financial performance

Current service cost	438,517	385,687	438,517	385,687
Interest cost	485,730	386,005	485,730	386,005
Actuarial (gains) losses	(823,437)	23,148	(823,437)	23,148
	100,810	794,840	100,810	794,840

Calculation of actuarial gains and losses

Actuarial (gains) losses - Obligation	(823,437)	23,148	(823,437)	23,148
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Key assumptions used

Assumptions used at the reporting date:

Discount rates used	9.78 %	8.81 %	9.78 %	8.81 %
Health Care Cost Inflation Rate	8.09 %	7.59 %	8.09 %	7.59 %
Net Effective Discount Rate	1.56 %	1.14 %	1.56 %	1.14 %

Other assumptions

	One percentage point increase	One percentage point decrease		
Expected Retirement Age - Females	65	65	65	65
Expected Retirement Age - Males	65	65	65	65

Amounts for the current and previous two years are as follows:

	2013 R	2012 R	2011 R
Defined benefit obligation	5,604,960	5,522,750	4,744,518

13. Receivables from exchange transactions

Trade debtors	17,732	-	-	-
Employee costs in advance	-	910	-	-
Other receivables	-	9,980	-	-
	17,732	10,890	-	-

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

14. Discontinued operations or disposal groups or non-current assets held for sale

The economic entity has decided to discontinue its operations in (state entity or details). The assets and liabilities of the disposal group are set out below.

The decision was made by the accounting officer to discontinue these operations due the lack of return on investment.

The non-current assets are to be sold piecemeal.

The disposal are expected to be completed by .

Transitional provision

In accordance with its transitional provision as per Directive 2 of the GRAP Reporting Framework, the economic entity need not comply with the standard on Non-current Assets held for Sale and Discontinued Operations, until such time as the measurement period in the transitional provision for any of the following Standards of GRAP have expire:

- Construction Contracts
- Inventories
- Investment Property
- Property Plant and Equipments
- Provisions, Contingent Liabilities and Contingent Assets
- Agriculture
- Intangible Assets

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

15. Provisions

Reconciliation of provisions - Economic entity - 2013

	Opening Balance	Total
Performance bonuses	381,341	381,341

Reconciliation of provisions - Economic entity - 2012

	Opening Balance	Additions / reductions	Total
Performance bonuses	434,588	(53,247)	381,341

Reconciliation of provisions - Controlling entity - 2013

	Opening Balance	Total
Performance bonuses	381,341	381,341
	381,341	381,341

Reconciliation of provisions - Controlling entity - 2012

	Opening Balance	Additions / Reductions	Total
Performance bonuses	434,588	(53,247)	381,341

Performance Bonuses:

Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date and is dependent on the favourable performance of senior managers having met agreed conditions. The balance of R381, 341 includes the performance bonuses 2013 not paid to senior managers. The performance bonuses are expected to be paid in the next financial reporting period. There is no expected reimbursement from the provision.

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual.

There is no expected reimbursement amounts from this provision.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
16. Operating lease obligation				
Minimum lease payments due				
within one year	-	-	231,272	-
in the second to fifth year inclusive	-	-	<u>462,545</u>	-
	-	-	693,817	-
	-	-	-	-
	-	-	-	-

Operating leases payments represent rentals payable by the entity for leasing of multi function photocopy machines. Leases are negotiated for a period of 3 years. No sublease contracts exists and no contingent rent is payable for the reporting period. The lease contracts exists and no contingent rent is payable for the reporting period. The lease agreements do not have escalations and there are no renewal and/or purchase options.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
17. Long-term service awards				
Long-term service awards	2,147,003	1,592,048	2,147,003	1,592,048
Transfer/ reduction of provision	(324,791)	265,418	(324,791)	265,418
Short-term portion	-	289,537	-	289,537
	1,822,212	2,147,003	1,822,212	2,147,003

The municipality operates as unfunded deficit benefit plan for all its employees. Under the plan, a Long-service award is payable and extra leave is accrued after 5 years of continuous service and every 5 years thereafter to employees, from 10 years of service to 45 years of service.

This is the present value of the total Long-Term Service Awards expected to become payable under the employer's current arrangements and based on the assumptions made. This may be regarded as the amount of money that should be set aside in present-day terms to cover all expected Long-Term Service Awards for current employees.

The most recent actuarial valuations on the Long-Term Service Awards were carried out at 30 June 2013 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. There is no expected reimbursement from the provision.

Total long service award liability: This is the present value of the total LSA expected to become payable under the employer's current arrangements and based on the assumptions made. This may be regarded as the amount of money that should be set aside in present-day terms to cover all expected LSA for current employees.

In estimating the unfunded liability for LSA of the Municipality a number of actuarial assumptions are required. The IAS19/GRAP25 Statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

The following key assumptions were used:

Key financial assumptions:

Discount Rate - 7.13%
 General Salary Inflation (long-term) - 6.51%
 Net effective discount rate - 0.58%

Key demographic assumptions:

Average retirement age - 65 years
 Mortality during employment - SA85-90
 Withdrawal from service (sample annual rates):
 Age 20 : 24% Female; 16% Male
 Age 30: 15% Female; 10% Male
 Age 40: 6% Female; 6% Male
 Age 50: 2% Female; 2% Male
 Age 55: 0% Female; 0% Male

There is no expected reimbursement amounts from this provision.

18. Deferred revenue

Deferred revenue	1,200,000	-	-	-
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19. Current tax payable (receivable)

Taxation payable	771,959	771,959	-	-
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The taxation payable is a result of SARS that incorrectly assessed the municipal entity and therefore the amount shows to be payable. A dispute has been done, but it has not yet been resolved with SARS.

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

20. VAT payable

Tax refunds payables	989,870	-	-	-
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21. Financial liabilities by category

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

Controlling entity - 2013

	Financial liabilities at amortised cost	Total
Other financial liabilities	16,545,187	16,545,187
Trade and other payables from exchange transactions	6,652,621	6,652,621
	23,197,808	23,197,808

Controlling entity - 2012

	Financial liabilities at amortised cost	Total
Other financial liabilities	18,338,234	18,338,234
Trade and other payables from exchange transactions	5,061,932	5,061,932
	23,400,166	23,400,166

22. Revenue

Interest received (trading)	856,289	1,133,832	769,874	1,034,111
Other income	500,035	323,471	500,035	323,471
Interest received - investment	2,425,189	2,877,092	2,425,189	2,877,092
Government grants & subsidies	102,491,967	96,214,296	99,930,801	96,214,296
	106,273,480	100,548,691	103,625,899	100,448,970

The amount included in revenue arising from exchange transactions are as follows:

Interest received (trading)	856,289	1,133,832	769,874	1,034,111
Other income	500,035	323,471	-	-
Interest received - investment	2,425,189	2,877,092	-	-
	3,781,513	4,334,395	769,874	1,034,111

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue

Transfer revenue

Other income	102,491,967	96,214,296	500,035	323,471
Interest received - investment	-	-	2,425,189	2,877,092
Government grants and subsidies	-	-	99,930,801	96,214,296
	102,491,967	96,214,296	102,856,025	99,414,859

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
23. Government grants and subsidies				
Grants				
Financial Management Grant	1,307,681	1,253,296	1,307,681	1,253,296
EPWP Incentive Grant	1,000,000	436,000	1,000,000	436,000
Municipal Service Improvement Programme Grant	1,092,159	790,000	1,092,159	790,000
Levy Replacement (Transitional) Grant	73,961,934	71,828,000	73,961,934	71,828,000
District Aid Council Grant	(7,255)	-	(7,255)	-
Sport and Recreation Grant	(573,784)	-	(573,784)	-
Equitable share	23,150,066	21,907,000	23,150,066	21,907,000
IDC Grant	2,561,166	-	-	-
	<u>102,491,967</u>	<u>96,214,296</u>	<u>99,930,801</u>	<u>96,214,296</u>
Equitable Share				
Current-year receipts	23,150,066	21,907,000	23,150,066	21,907,000
Amount transferred to revenue	<u>(23,150,066)</u>	<u>(21,907,000)</u>	<u>(23,150,066)</u>	<u>(21,907,000)</u>
	-	-	-	-

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Levy Replacement (Transitional) Grant

Current-year receipts	73,961,934	71,828,000	73,961,934	71,828,000
Amount transferred to revenue	<u>(73,961,934)</u>	<u>(71,828,000)</u>	<u>(73,961,934)</u>	<u>(71,828,000)</u>
	-	-	-	-

Levy Replacement (Transitional) Grant is an operational grant which is used by the municipality on its own discretion, which is mainly to fund its operational activities.

EPWP Incentive Grant

Current-year receipts	1,000,000	436,000	1,000,000	436,000
Amount transferred to revenue	<u>(1,000,000)</u>	<u>(436,000)</u>	<u>(1,000,000)</u>	<u>(436,000)</u>
	-	-	-	-

EPWP is an operational grant which is used by the municipality on its own discretion.

Municipal Service Improvement Programme Grant

Balance unspent at beginning of year	-	24,968	-	24,968
Current-year receipts	1,000,000	790,000	1,000,000	790,000
Amount transferred to revenue	<u>(1,000,000)</u>	<u>(814,968)</u>	<u>(1,000,000)</u>	<u>(814,968)</u>
	-	-	-	-

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

23. Government grants and subsidies (continued)

Financial Management Grant

Balance unspent at beginning of year	-	60,977	-	60,977
Current-year receipts	1,250,000	1,250,000	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,310,977)	(1,250,000)	(1,310,977)
	-	-	-	-

Sport and Recreation Grant

Balance unspent at beginning of year	-	573,783	-	573,783
Transferred	-	(573,783)	-	(573,783)
	-	-	-	-

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
24. General expenses				
Accounting fees	121,456	218,710	-	-
Advertising	494,776	426,565	216,309	328,318
Agriculture project	1,242,050	-	1,242,050	-
Arts and Culture expenses	640,175	199,100	640,175	199,100
Auditors remuneration	1,885,160	2,397,733	1,720,781	2,055,570
Bank charges	71,341	84,795	63,098	71,741
Branding of the municipality	71,650	588,030	71,650	588,030
Bursaries	595,593	785,348	595,593	785,348
Campaigns	568,950	2,101,771	568,950	2,101,771
Capacity development programmes	973,785	790,000	973,785	790,000
Children`s Programme	285,026	362,005	285,026	362,005
Cleaning	117,643	63,502	114,929	62,424
Coffin making project	-	1,000,000	-	1,000,000
Computer expenses	1,960	1,089	-	-
Congress and delegations	-	125,421	-	-
Consulting Project Research	-	1,605,586	-	-
EPWP project	999,258	-	999,258	-
Educational project	541,722	-	541,722	-
Electricity	320,693	247,078	320,693	247,078
Entertainment	576,255	430,191	575,755	430,191
Environmental development	316,486	362,928	316,486	362,928
Festivals	3,254,386	1,688,011	3,254,386	1,688,011
Financial Management Reforms	1,232,125	1,253,296	1,232,125	1,253,296
Fines and penalties	-	17,314	-	-
Fuel	320,571	244,073	320,571	244,073
Gender Disability	43,850	491,701	43,850	491,701
Grant in aid	1,302,611	1,377,910	1,302,611	1,377,910
Insurance	136,496	296,639	134,203	296,639
Internet expenses	228,206	237,790	228,206	237,790
LED Development	500,000	199,525	500,000	199,525
Lease Payments	348,063	122,954	212,000	-
Licence Fees	264,882	290,324	264,882	290,324
Magazines, books and periodicals	70,410	76,096	70,410	76,096
Membership Fees	479,063	329,154	479,063	329,154
Moral Regeneration	196,820	1,698,580	196,820	1,698,580
OR Tambo Games	500,000	647,502	500,000	647,502
Other expenses	1,452,609	2,366,857	1,452,609	2,366,857
PPP (Call Centre)	959,991	771,930	959,991	771,930
Postage and courier	836	673	-	-
Poverty alleviation	678,200	1,734,943	678,200	1,734,943
Printing and stationary	465,670	392,947	442,720	377,899
Project Development Cost	578,080	-	-	-
Property Rates	50,092	49,053	50,092	49,053
Refuse	9,412	9,026	9,412	9,026
Research and development costs	400,000	-	-	-
S & T allowance	76,327	57,401	-	-
Security (Guarding of municipal property)	58,133	187,571	58,133	187,571
Services	7,264	-	-	-
Sewerage and waste disposal	664	629	664	629
Skills development Levy	372,230	320,865	372,230	320,865
Social Initiatives	35,000	57,840	-	-
Staff Welfare	10,394	13,714	-	-
Telephone and fax	523,752	763,828	472,332	712,426
Tourism development	728,174	2,580,302	728,174	2,580,302
Training	2,622,845	2,566,523	2,620,412	2,510,053
Transport and freight	3,590	250	-	-
Travelling	279,210	182,527	279,210	182,527
Women & children	370,000	-	370,000	-

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
24. General expenses (continued)				
Youth development	1,029,858	2,866,069	1,029,858	2,866,069
	29,413,793	35,683,669	27,509,424	32,885,255

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
25. Employee related costs				
Basic	28,755,260	25,163,371	27,132,125	23,216,419
Cell phone allowance	274,413	-	274,413	-
Bonus	2,488,472	1,380,840	2,410,245	1,380,840
Medical aid - company contributions	2,483,786	2,143,114	2,401,277	2,143,114
UIF	199,516	165,531	188,267	156,926
WCA	80,388	271,514	80,388	271,514
SDL	16,346	17,989	-	-
Post-employment benefits	(99,677)	1,449,357	(112,687)	1,371,295
Overtime payments	413,061	482,947	407,238	482,947
Travel allowances	4,695,541	5,085,950	4,695,541	5,085,950
Housing benefits and allowances	340,315	243,733	340,315	243,733
Standby Allowances	126,000	76,893	126,000	76,893
Group Life Insurance	442,560	350,865	442,560	350,865
Leave	2,199,612	1,714,138	2,235,921	1,632,790
Executive Packages	2,769,675	2,849,691	2,769,675	2,849,691
Contribution to Pension and Provident funds	4,816,904	3,976,374	4,816,904	3,976,374
Board fees	139,632	-	-	-
	50,141,804	45,372,307	48,208,182	43,239,351

The remuneration of staff is within the upper limits of the SALGA Bargaining Council determinations.

Remuneration of Municipal Manager - Me Aaron

For the period July 2012 to November 2012

Annual Remuneration	255,690	611,322	255,690	611,322
Car Allowance	56,413	137,422	56,413	137,422
Annual Bonus	51,128	51,138	51,138	51,138
Performance Bonuses	-	107,025	-	107,025
Contributions to UIF, Medical and Pension Funds	67,740	158,005	67,740	158,005
Telephone allowance	4,000	2,400	4,000	2,400
Housing allowance	25,000	59,000	25,000	59,000
	459,981	1,126,312	459,981	1,126,312

Remuneration of Acting Municipal Manager

Mr Mthombeni

For the period December 2012 to June 2013

Annual Remuneration	30,653	31,846	30,653	31,846
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Mr Pitso

For the month of July 2013

Annual Remuneration	4,127	-	4,127	-
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Remuneration of the Acting Municipal Support Executive

Annual Remuneration	-	432,648	-	432,648
Car Allowance	-	36,054	-	36,054
Contributions to UIF, Medical and Pension Funds	-	116,237	-	116,237
Housing allowance	-	5,973	-	5,973

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
25. Employee related costs (continued)				
Car & travel allowance	-	209,357	-	209,357
Telephone allowance	-	2,400	-	2,400
	-	802,669	-	802,669

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

25. Employee related costs (continued)

Remuneration of Acting Chief Financial Officer - Mr Heunis

For the period July 2012 to October 2012

Performance Bonuses	-	96,880	-	96,880
Standby Allowance	32,258	120,000	32,258	120,000
	32,258	216,880	32,258	216,880

Me Gqoli

For the month of June 2013

Standby Allowance	13,384	-	13,384	-
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Remuneration of Acting Manager Corporate Services - Mr C Peterson

For the period July 2012 to December 2012

Annual Remuneration	-	339,545	-	339,545
Car Allowance	-	141,394	-	141,394
Performance Bonuses	-	74,331	-	74,331
Contributions to UIF, Medical and Pension Funds	-	103,761	-	103,761
Annual bonus	-	28,147	-	28,147
Standby allowance	5,815	87,595	5,815	87,595
Housing allowance	-	5,973	-	5,973
Telephone allowance	-	1,500	-	1,500
	5,815	782,246	5,815	782,246

Remuneration of Acting Manager Social and Health Services - Mr D Kirsten

Annual Remuneration	-	209,424	-	209,424
Car Allowance	-	91,022	-	91,022
Contributions to UIF, Medical and Pension Funds	-	70,124	-	70,124
Standby Allowance	7,825	48,829	7,825	48,829
Housing Allowance	-	3,885	-	3,885
	7,825	423,284	7,825	423,284

Remuneration of Manager Social Health Services - Me Aaron

For the period July 2012 to June 2013

Annual Remuneration	520,000	133,973	520,000	133,973
Car Allowance	142,907	129,685	142,907	129,685
Performance Bonuses	-	71,957	-	71,957
Contributions to UIF, Medical and Pension Funds	135,426	103,985	135,426	103,985
Annual Bonus	37,695	15,374	37,695	15,374
Housing Allowance	25,000	-	25,000	-
Telephone Allowance	13,971	-	13,971	-
	874,999	454,974	874,999	454,974

The Manager of Social Health Services was appointed on 1 February 2012.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

25. Employee related costs (continued)

Remuneration of Acting Manager Strategic Economic Development - Mr T Mafokane and Mr T Skele

Annual Remuneration	-	188,602	-	188,602
Car Allowance	-	81,761	-	81,761
Performance Bonuses	-	18,369	-	18,369
Contributions to UIF, Medical and Pension Funds	-	47,025	-	47,025
Housing Allowance	-	1,800	-	1,800
Standby Allowance	-	30,715	-	30,715
	-	368,272	-	368,272

There was no Remuneration for the Acting Local Economic Development Manager for the year.

Remuneration of Manager Strategic Economic Development - Mr Jonas

For the period July 2012 to June 2013

Annual Remuneration	440,352	174,596	440,352	174,596
Car Allowance	221,884	110,135	221,884	110,135
Performance Bonuses	-	12,776	-	12,776
Contributions to UIF, Medical and Pension Funds	51,684	7,302	51,684	7,302
Housing Allowance	10,892	-	10,892	-
	724,812	304,809	724,812	304,809

Remuneration of Acting Social Services Strategic Executive Manager - Mr W Botes and Mr LTB Beukes

Standby Allowance	55,917	-	55,917	-
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Remuneration of Chief Financial Officer - Mr Pitso

For the period October 2012 to June 2013

Annual Remuneration	393,107	-	393,107	-
Car and Travel Allowance	113,078	-	113,078	-
Contributions to UIF, Medical and Pension Funds	92,379	-	92,379	-
Housing Allowance	33,500	-	33,500	-
Telephone Allowance	15,700	-	15,700	-
	647,764	-	647,764	-

26. Remuneration of councillors

Executive Mayor	831,328	683,445	831,328	683,445
Speaker	441,188	535,445	441,188	535,445
Mayoral Committee Members	3,608,238	2,913,301	3,608,238	2,913,301
Other Councillors	3,240,698	2,357,479	3,240,698	2,357,479
	8,121,452	6,489,670	8,121,452	6,489,670

Executive Mayor - Councillor Leeto

For the period July 2012 to June 2013

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
26. Remuneration of councillors (continued)				
Annual Remuneration	490,616	362,841	490,616	362,841
Car and Travel Allowance	196,283	186,050	196,283	186,050
Contributions to UIF, Medical and Pension Funds	39,828	96,802	39,828	96,802
Telephone Allowance	104,601	37,752	104,601	37,752
	831,328	683,445	831,328	683,445
Speaker				
Councillor Rubulana				
For the period July 2012 to October 2012				
Annual Remuneration	108,375	302,295	108,375	302,295
Car and travel allowance	40,945	148,840	40,945	148,840
Contributions to UIF, Medical and Pension Funds	20,797	65,470	20,797	65,470
Telephone Allowance	5,182	18,840	5,182	18,840
	175,299	535,445	175,299	535,445
Councillor Speelman				
For the period November 2012 to June 2013				
Annual Remuneration	168,779	-	168,779	-
Car and travel allowance	63,792	-	63,792	-
Contributions to UIF, Medical and Pension Funds	27,660	-	27,660	-
Telephone Allowance	4,923	-	4,923	-
	265,154	-	265,154	-
Executive Members				
Annual Remuneration	2,169,658	1,534,892	2,169,658	1,534,892
Car and travel allowance	868,373	834,478	868,373	834,478
Contributions to UIF, Medical and Pension Funds	464,995	446,738	464,995	446,738
Telephone Allowance	105,212	97,193	105,212	97,193
	3,608,238	2,913,301	3,608,238	2,913,301
Other Councillors				
Annual Remuneration	1,770,769	1,082,505	1,770,769	1,082,505
Car and Travel allowance	693,492	635,579	693,492	635,579
Contributions to UIF, Medical and Pension Funds	342,219	318,606	342,219	318,606
Telephone Allowance	126,960	116,607	126,960	116,697
Sitting Allowance	-	204,092	-	204,092
Session Allowance	307,258	-	307,258	-
	3,240,698	2,357,389	3,240,698	2,357,479

The Salaries, allowances and benefits paid to all Councillors are not within the Remuneration of Public Office Act. Determination of upper limits salaries, allowances and benefits of different members of municipal councils are not within section 219 of the Constitution, read with the Remuneration of the Public Officer Bearers Act, however, this matter is receiving attention. Overpayment of Councillors on upper limits are included in the Irregular expenses and has been transferred to Sundry Debtors.

Lejweleputswa District Municipality

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
26. Remuneration of councillors (continued)				
In-kind benefits				
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at Council's cost. The Executive Mayor has the use of a council owned vehicle for official duties as well as two drivers.				
27. Repairs and Maintenance				
Repairs and Maintenance	438,906	1,575,118	438,257	1,575,052
28. Debt impairment				
Impairment Losses Recognised on Sundry Debtors	-	9,246,284	-	9,246,284
29. Investment revenue				
Interest revenue				
Interest Received on Bank and Investment accounts	2,425,189	2,877,092	2,425,189	2,877,092
30. Depreciation and amortisation				
Property, plant and equipment	7,181,150	7,990,142	7,145,106	7,956,294
31. Finance costs				
Non-current borrowings	2,840,657	3,081,555	2,840,657	3,081,555
Late payment of tax	7,653	3,526	-	-
Other interest paid	-	25,167	-	25,167
	2,848,310	3,110,248	2,840,657	3,106,722
32. Auditors' remuneration				
Fees	1,885,160	2,397,733	1,720,781	2,055,570
33. Transfers to local municipalities				
Expenditure during the year	1,950,000	5,965,522	1,950,000	5,965,522

The municipality paid loan re-payments on behalf of Matjhabeng Local Municipality during the year.

Lejweleputswa District Municipality

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
34. Net cash flows from operating activities				
Surplus (deficit)	4,361,530	(18,947,681)	3,127,092	(16,078,185)
Adjustments for:				
Depreciation and amortisation	7,181,150	7,990,142	7,145,106	7,956,294
(Loss) gain on sale of assets and liabilities	(67,977)	521,081	(67,977)	521,081
Impairment deficit	4,185	407	4,185	-
Debt impairment	-	9,246,284	-	-
Movements in retirement benefit assets and liabilities	82,210	778,232	82,210	778,232
Movements in provisions	-	212,171	-	212,171
Other non-cash items	-	29,363	-	(213,000)
Changes in working capital:				
Receivables from exchange transactions	(6,842)	6,683	-	-
Other receivables from non-exchange transactions	(925,378)	5,692,874	(926,210)	5,682,260
Consumer debtors	-	(9,246,691)	-	-
Trade and other payables	1,742,571	(733,757)	1,684,420	(611,179)
VAT	1,318,888	(114,073)	1,124,603	(114,073)
Taxes and transfers payable (non exchange)	(23,190)	(394,602)	-	-
Government grants received	-	-	(815,630)	(3,296)
	13,667,147	(4,959,567)	11,357,799	(1,869,695)
35. Commitments				
Capital and other expenditure				
Approved and contracted for				
• Professional Fees	1,404,725	1,856,942	677,975	1,790,942
Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	147,600	86,227	-	-
- in second to fifth year inclusive	104,800	-	-	-
	252,400	86,227	-	-

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Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
36. Contingencies				
Contingent liabilities				
5 (2011: 5) Current employees claiming long service bonus and leave and reinstatement of employee.	1,403,528	1,050,437	1,403,528	1,050,437
Lejwe-le-Putswa Development Agency (Pty) Ltd	-	310,240	-	310,240
Wage curve dispute	2,674,906	-	2,674,906	-
Dikgalolokwe CC	100,000	-	100,000	-
	4,178,434	1,360,677	4,178,434	1,360,677

Current employees claiming long service bonus and leave

The case involves a former employees who are claiming long term benefits owed.

The case involves a former employees who are claiming long term benefits owed. The employees were transferred from Matjhabeng Local Municipality and are claiming long term benefits owed to them under previous employment. One of the cases involves an employee claiming to be unfairly dismissed and to be reinstated. All these cases were won by the individuals but the Municipality has taken the matters to the Labour Court.

Lejwe-le-Putswa Development Agency (Pty) Ltd

Council accepted the liability for debts of Lejwe-le-Putswa Development Agency (Pty) Ltd.

Wage Curve Dispute

The Trade Union, IMATU, contested the implementation of a wage curve agreement in the Labour Court and the court ruled in favour of IMATU. The Employers Organisation, SALGA, resolved to take the ruling of the Labour Court on review. The effect of the ruling is a general 2% increase in remuneration as from October 2009.

The municipality has formulated that the maximum effect if the remuneration is to be paid would be R2 674 906.

Dikgalolokwe CC

The case relates to a service provider that was overpaid and the matter was taken to court where it was ruled that the service provider must pay the municipality. There is however a low probability of recovery of funds. The municipality has disclosed the possible legal fees that could result.

37. Related parties

Relationships

Me N.S. Leeto holds 50% shareholder
Close family member of Ramasetlaoka Ou- Vier Segampu
Related person - XJ Toki

Sechadi Trading
Emlanjeni Catering and trading CC
Mayigubhe Trading Enterprise CC

Related party balances

Related party transactions

Purchases from related parties

Emlanjeni catering and trading CC	-	5,075
Sechadi Trading	-	189,405
Mayigubhe Trading Enterprise CC	500,000	-

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Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

38. Prior period errors

In terms of GRAP 3 - Accounting policies, Changes in Estimates and Errors:

1. Prior period error - Retrospective application of GRAP 23 - Revenue from Non-exchange Transactions

The Municipality has retrospectively adopted GRAP 23 - Revenue from Non-exchange Transactions which only allows the deferral of expenditure when a valid obligation exists. The conditional amounts held as payables under GAMAP 9 was recognised to revenue.

The effects are as follows:

Statement of financial position

Increase in Accumulated Surplus	R663 686
Decrease in conditional grants liability	(R663 686)

2. Prior period error - Allocation of Leave Encashment

The Municipality encashed accumulated leave for employees which related to the prior period. The prior period amounts are restated as a result.

The effects are as follows:

Statement of financial position

Increase in Accumulated Surplus	R746 164
Decrease in Accrued leave pay	(R746 164)

The South African Revenue Services communicated on 15 December 2012 that Lejwe-le-putswa Development Agency should be registered for VAT. Lejwe-le-putswa Development Agency was not registered for VAT. However in terms of the VAT Act it states that a municipal entity is not a municipality and is therefore a designated entity and should be registered for VAT. Lejwe-le-putswa Development Agency is now registered for VAT.

Lejwe-le-putswa Development Agency was incorrectly assessed on 2011 financial period by The South African Revenue Services. Interest was levied. Lejwe-le-putswa Development Agency should however not have been assessed on the unspent grants in terms of section 10(1) (a) of the Income Tax Act that states that Lejwe-le-putswa Development Agency is exempt from Income Tax. The issue has not yet been resolved by The South African Revenue Services. On 1 February 2013 PricewaterhouseCoopers did a dispute for the amount payable to The South African Revenue Services.

Accounts payables increased by	(R937 889)
Opening retained decreased increased by	R1 572 295
Taxation	(R771 959)

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

39. Risk management

Capital risk management

The economic entity's objectives when managing capital are to safeguard the economic entity's ability to continue as a going concern in order to provide returns for and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the economic entity consists of debt, which includes the borrowings disclosed in notes and 10, cash and cash equivalents disclosed in note 6 and accumulated surplus as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and noncurrent borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements.

The gearing ratio at 2013 and 2012 respectively were as follows:

Total borrowings

Other financial liabilities at amortised cost	10	16,545,187	18,338,234	16,545,187	18,338,234
Less: Cash and cash equivalents	6	17,667,743	15,277,609	14,981,927	15,115,296
Net debt		(1,122,556)	3,060,625	1,563,260	3,222,938
Total equity		87,168,970	91,278,046	87,569,048	91,502,710
Total capital		86,046,414	94,338,671	89,132,308	94,725,648

Financial risk management

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

The economic entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the economic entity's financial performance. Risk management is carried out by management and internal audit under policies approved by the accounting officer. The accounting officer provides written principles for overall risk management.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

39. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, economic entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the economic entity's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant

As at 30 June 2013	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other Financial Liabilities	1,585,085	1,847,014	7,670,959	5,442,148
Trade and other payables from exchange transactions	6,666,405	-	-	-

As at 30 June 2012	Less than one year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Other Financial Liabilities	1,793,047	1,585,085	6,494,759	8,465,362
Trade and other payables from exchange transactions	5,521,046	-	-	-

Interest rate risk

The Municipality is mainly exposed to interest rate risk due to the movements in long-term and short term interest rates.

The risk is managed on an on-going basis.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

39. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Cash and Cash equivalents

The municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa.

Investments

It is the practice of the municipality to limit its credit risk by only investing in registered banks in terms of the Bank Act, 94 of 1990. Given the high credit ratings of these financial institutions of the municipality does not expect any counterparty to fail to meet its obligation.

Sundry Debtors

Management evaluated credit risk relating to customers on an ongoing basis. If there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	Economic entity - 2013	Economic entity - 2012	Controlling entity - 2013	Controlling entity - 2012
Cash and Cash Equivalents	17,667,743	15,277,609	14,981,927	15,115,296
Other financial assets	25,000,000	16,000,000	25,000,000	16,000,000
Other receivables from non-exchange transactions	1,552,456	627,078	1,552,456	626,246

40. Going concern

The consolidated 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.

41. Events after the reporting date

Claim by previous Municipal Manager

- A claim was instituted against the municipality by the previous Municipal Manager after the financial year end for termination of contract prior to the expiry of the contract. The amount claimed is for remuneration for the 2012 financial year with legal costs amounting to R 702 988.

42. Non Current Assets Held for Sale

Non Current Assets Held for Sale

Opening Balance	7,660,446	-	7,660,446	-
Transfers during the year				
Property, Plant and Equipment	(7,660,446)	7,660,446	(7,660,446)	7,660,446
Liabilities directly associated with non-current assets classified as held for sale	-	-	-	-
Carrying amount of Non current assets held for sale	-	7,660,446	-	7,660,446

In the prior period the municipality transferred the yellow fleet assets to Matjhabeng Local Municipality with effect from 01 July 2012. The disposal was completed by the 01/07/2012.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
43. Unauthorised expenditure				
Opening Balance	1,367,850	1,140,100	1,367,850	1,140,100
Unauthorised Expenditure during the year	227,690	227,750	227,690	227,750
	1,595,540	1,367,850	1,595,540	1,367,850

44. Fruitless and wasteful expenditure

Opening balance	309,520	287,143	288,680	287,143
Fruitless and wasteful expenditure during the year	65,091	22,377	-	1,537
	374,611	309,520	288,680	288,680

The expenditure include interest paid for late payment to suppliers.

In the current year, fruitless and wasteful expenditure of R 65 091 incurred was made up as follows: R 60 084 of underpayment of provisional tax and R 6 006 of interest paid to SARS. This was as a result of the entity not having been registered for employees tax. Money was deducted from employees but could not be paid to SARS as SARS do not accept any amounts unless they have an account with a client and are able to allocate the amount to the account.

The matter is still to be investigated by the board.

45. Irregular expenditure

Opening balance	25,549,016	14,612,378	25,549,016	14,612,378
Add: Irregular Expenditure - Councillors remuneration	1,504,455	1,260,220	1,504,455	1,260,220
Add: Irregular Expenditure - Supply Chain	5,299,217	12,256,022	5,299,217	12,256,022
Add: Irregular Expenditure - Employee related costs	395,688	-	395,688	-
Less: Amounts recoverable (transfer to receivables)	(1,504,455)	(1,260,220)	(1,504,455)	(1,260,220)
Less: Amounts condoned by Council	-	(1,319,384)	-	(1,319,384)
	31,243,921	25,549,016	31,243,921	25,549,016

Details of irregular expenditure - current year

	Details	
Councillors Remuneration	Councillors qualify as Grade 4, but were paid As Grade 5 councillors.	1,504,455
Supply Chain	Non-compliance to the Municipal Supply Chain Regulations namely 3 quotes not obtained and noncompliance to supply chain management prescripts for amounts greater than R 200 000.	5,624,083
Employee Related Costs	This comprises of overtime paid where the salaries exceed the threshold, allowances paid not in conformity to employee contract, Salary paid to employee not within notch range, cellphone allowances contrary to council resolution. Salary increases not authorised by council.	913,594
		8,042,132

Details of irregular expenditure recoverable (not condoned)

Councillors Remuneration	Councillors qualify as Grade 4, but were paid as Grade 5 Councillors	1,504,455
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The full extent of irregular expenditure for the year is still under investigation.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
46. Additional disclosure in terms of Municipal Finance Management Act				
Contributions to organised local government				
Current year subscription / fee	479,063	330,047	479,063	330,047
Amount paid - current year	(479,063)	(330,047)	(479,063)	(330,047)
	-	-	-	-
Audit fees				
Opening balance	-	259,195	-	-
Current year subscription / fee	1,908,098	2,397,732	1,720,781	2,055,569
Amount paid - current year	(1,908,098)	(2,656,927)	(1,720,781)	(2,055,569)
	-	-	-	-
PAYE , SDL and UIF				
Opening balance	21,408	171,191	-	-
Current year subscription / fee	9,582,305	9,118,772	9,161,849	8,707,995
Amount paid - current year	(9,603,713)	(9,268,555)	(9,161,849)	(8,707,995)
	-	21,408	-	-
Pension and Medical Aid Deductions				
Medical Aid	4,652,739	2,143,114	4,652,739	2,143,114
Pension	8,521,000	3,976,374	8,521,000	3,976,374
	13,173,739	6,119,488	13,173,739	6,119,488
VAT				
VAT receivable	-	329,018	4,750	1,129,353
VAT payable	989,870	-	-	-
	989,870	329,018	4,750	1,129,353

All VAT returns have been submitted by the due date throughout the year.

VAT owed by SARS amounts to R74 475 as per June 2013 VAT return.

Councillors' arrear consumer accounts

There are no councillor accounts in arrears for a period greater than 90 days.

Non-compliance with the MFMA

The following non-compliances to the MFMA occurred in the financial year:

No risk assessments were performed as required by section 62(1)(c)(i) of the MFMA.

Irregular expenditure is not investigated and recovered as required by section 32(2)(b) of the MFMA.

47. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E for the comparison of actual operating expenditure versus budgeted expenditure.

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

48. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process. Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the financial statements.

Deviations from supply chain management regulations did occur. A detailed deviation register is available at the municipality for inspection.

Supplier	Details of Deviation	Amount - R
Network computing consulting	Timeframe and impractical to obtain quotes	9,223
Global Africa Network	Exclusive supplier for Municipal profile advert	45,543
Wap	Avoid call out "strip and quote" fee	9,931
TP Plumbing & Glassfitting	Timeframe and impractical to obtain quotes	3,080
Hymax	Supplier is the host of telephone system and impractical to obtain quotes	5,421
Governance Specialist	Specialist service provider	96,340
Hymax	Supplier is the host of telephone system and impractical to obtain quotes	10,539
Hymax	Supplier is the host of telephone system and impractical to obtain quotes	26,923
Xpectation Moon	Avoid call out "strip and quote" fee	19,900
Fire Equipment	Avoid call out fee	2,240
Amacenisio	Timeframe	250,000
Kingley Creations	Timeframe	188,400
		<u>667,540</u>

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012

Lejweleputswa District Municipality

Consolidated Financial Statements for the year ended 30 June 2013

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2013	2012	2013	2012
49. Consulting and professional fees				
Consultant Fees	1,362,136	2,849,982	1,362,136	2,849,982
Legal Services	487,385	691,942	487,385	691,942
	1,849,521	3,541,924	1,849,521	3,541,924

50. Budget Information

Entities 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 entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget. The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2012 to 30/06/2013. The budget for the economic entity includes all the entities approved budgets under its control. 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.

The Statement of comparative and actual information has been included in the financial statements as the recommended disclosure when the financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Lejweleputswa District Municipality

Lejweleputswa District Municipality

Appendix A

Unaudited Supplementary Schedule

Schedule of external loans

June 2013

Loan Number	Redeemable	Balance at 30 June 2012	Received during the period	Redeemed written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equip	Other Costs in accordance with the MFMA
		Rand	Rand	Rand	Rand	Rand	Rand
Annuity loans							
DBSA-61004020:Bothaville	1	2013	432,793	-	432,813	(20)	-
DBSA-61001299:Henneman	2(a)	2019	2,422,817	-	272,847	2,149,970	-
DBSA-61001258:Ventersburg	2(b)	2019	473,142	-	53,283	419,859	-
DBSA-61001256: Boshoff	2(c)	2019	369,300	-	36,832	332,468	-
DBSA-61001257: Dealesville	2(d)	2019	91,898	-	10,349	81,549	-
DBSA-61001259:Wesselsbron	2(e)	2019	945,954	-	94,345	851,609	-
DBSA-61003159:Bothaville2	3(a)	2020	9,128,435	-	613,843	8,514,592	-
DBSA-61003236:Henneman2	3(b)	2020	2,532,904	-	157,806	2,375,098	-
DBSA-61003237:Brandfort	3(c)	2020	1,940,991	-	120,929	1,820,062	-
			18,338,234	-	1,793,047	16,545,187	-
Total external loans							
Annuity loans			18,338,234	-	1,793,047	16,545,187	-
			18,338,234	-	1,793,047	16,545,187	-

Lejweleputswa District Municipality
Appendix B
Unaudited Supplementary Schedule
Analysis of property, plant and equipment
June 2013

	COST				ACCUMULATED DEPRECIATION				Carrying value Rand
	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Additions Rand	Disposals Rand	Closing Balance Rand	
Access Control	102,100	-	-	102,100	(28,761)	(18,378)	-	(47,139)	54,961
Paving	212,987	-	-	212,987	-	(7,100)	-	(7,100)	205,887
Security System	135,215	-	-	135,215	(43,069)	(23,577)	-	(66,646)	68,569
	450,302	-	-	450,302	(71,830)	(49,055)	-	(120,885)	329,417
Community	2,870,000	-	-	2,870,000	-	-	-	-	2,870,000
	2,870,000	-	-	2,870,000	-	-	-	-	2,870,000
Other assets									
Air conditioner	540,251	40,653	(10,054)	570,850	(155,186)	(107,685)	7,213	(255,658)	315,192
Cabinets / Cupboards	1,448,741	6,446	-	1,455,187	(404,387)	(260,919)	-	(665,306)	789,881
Chairs	1,151,878	44,959	(1,281)	1,195,556	(322,712)	(212,027)	577	(534,162)	661,394
Computer Hardware	3,151,535	451,509	(39,637)	3,563,407	(872,984)	(740,378)	4,025	(1,609,337)	1,954,070
Computer Software	6,514,593	159,485	(259,553)	6,414,525	(1,702,428)	(1,947,505)	255,589	(3,394,344)	3,020,181
Laboratory Equipment	135,327	-	-	135,327	(33,433)	(24,778)	-	(58,211)	77,116
Radio Equipment	-	4,474	-	4,474	-	(439)	-	(439)	4,035
Tellecommunication	468,418	-	-	468,418	(203,195)	(84,297)	-	(287,492)	180,926
Fire Equipment	347,481	-	-	347,481	(104,476)	(36,764)	-	(141,240)	206,241
General	-	1,635	-	1,635	-	(222)	-	(222)	1,413
Emergency light	5,295	-	-	5,295	(2,573)	(970)	-	(3,543)	1,752
Miscellaneous	2,366,432	41,502	-	2,407,934	(547,791)	(422,114)	(150)	(970,055)	1,437,879
Office Building	72,878,299	1,696,605	(1,763,677)	72,811,227	(7,950,152)	(2,546,623)	-	(10,496,775)	62,314,452
Office Machines	1,650,150	59,792	(4,519)	1,705,423	(189,311)	(377,858)	3,181	(563,988)	1,141,435
Tables / Desks	1,263,747	18,593	(4,200)	1,278,140	(332,818)	(224,386)	2,252	(554,952)	723,188
Tools	3,544	1,275	(1,943)	2,876	(221)	(328)	-	(549)	2,327
Television / Radio	62,324	525	-	62,849	(17,592)	(11,321)	-	(28,913)	33,936
Motorvehicles	1,154,814	200,000	(200,000)	1,154,814	(217,122)	(79,187)	-	(296,309)	858,505
Compressors	7,355	-	-	7,355	(2,372)	(1,324)	-	(3,696)	3,659
Lawnmowers	31,265	-	-	31,265	(9,231)	(5,628)	-	(14,859)	16,406
Trucks / Bakkies	269,666	-	-	269,666	(87,513)	(11,297)	-	(98,810)	170,856
	93,451,115	2,727,453	(2,284,864)	93,893,704	(13,155,498)	(7,096,050)	272,687	(19,978,860)	73,914,844

Total

Lejweleputswa District Municipality
Lejweleputswa District Municipality

Lejweleputswa District Municipality
Appendix C
Unaudited Supplementary Schedule
Segmental Analysis of PPE
June 2013

Segmental analysis of property, plant and equipment as at 30 June 2013

	Opening Balance	Additions	Disposals	Transfers	Other changes, Closing movements	Balance	Opening Balance	Additions	Disposals	Closing Balance
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Municipality										
Corporate Services	605,312	499,550	(382,563)	-	-	722,299	(203,959)	(239,125)	(24,078)	(467,162)
Human Resources	8,759	-	(8,759)	-	-	-	(2,060)	-	2,060	-
Information Technology	3,099,945	73,367	(3,156,199)	-	-	17,113	(1,865,957)	(5,086)	1,874,926	3,883
Council General	2,612,403	300,717	(23,842)	-	-	2,889,278	(831,322)	(368,929)	(125,276)	(1,325,527)
Social Services	152,149	-	(152,149)	-	-	-	(45,725)	-	45,725	-
Economic Development	245,024	29,242	8,984	-	-	283,250	(79,203)	(51,519)	(3,025)	(133,747)
Technical Services	167,398	-	(167,398)	-	-	-	(71,990)	-	71,990	-
Environmental Health	393,885	180,004	101,004	-	-	674,893	(124,525)	(140,057)	(64,278)	(328,860)
Disaster Management	17,202,209	8,116	(7,315)	-	-	17,203,010	(887,964)	(2,454,460)	3,140	(3,339,284)
Property	69,958,208	956,146	(1,095,877)	-	-	69,818,477	(8,439,139)	(2,688,590)	89,029	(11,038,700)
Executive Mayor	432,501	129,159	(162,419)	-	-	399,241	(124,864)	(91,571)	24,587	(191,848)
Financial Services	721,819	473,359	2,836,111	-	-	4,031,289	(225,499)	(873,075)	(1,602,117)	(2,700,691)
Municipal Support	118,246	-	(117,839)	-	-	407	(38,172)	-	38,097	(75)
Rural Roads	191,765	-	(191,765)	-	-	-	(44,502)	-	44,502	-
Municipal Manager	309,216	29,555	254,128	-	-	592,899	(83,640)	(118,000)	(102,655)	(304,295)
Speaker	215,730	19,621	(17,506)	-	-	217,845	(65,353)	(42,855)	2,626	(105,582)
Mayoral Committee	336,850	28,618	(1,462)	-	-	364,006	(93,454)	(71,839)	(2,566)	(167,859)
	96,771,419	2,727,454	(2,284,866)	-	-	97,214,007	(13,227,328)	(7,145,106)	272,687	(20,099,747)

Lejweleputswa District Municipality

Lejweleputswa District Municipality

Appendix D

Unaudited Supplementary Schedule

Segmental Statement of Financial Performance for the year ended 30 June 2013

June 2013

Prior Year			Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
Municipality					
94,343,486	5,944,279	88,399,207	-	8,350	(8,350)
-	2,123,483	(2,123,483)	-	-	-
-	1,887,419	(1,887,419)	1	-	1
-	25,849,883	(25,849,883)	98,213	15,159	83,054
-	2,187,493	(2,187,493)	8	7,638	(7,630)
790,000	5,348,092	(4,558,092)	-	-	-
-	-	-	-	-	-
-	9,228,605	(9,228,605)	-	10,032	(10,032)
-	2,542,159	(2,542,159)	-	-	-
-	4,157,344	(4,157,344)	-	3,747	(3,747)
-	19,771,887	(19,771,887)	-	11,168	(11,168)
5,315,484	10,401,323	(5,085,839)	4,171	13,253	(9,082)
-	1,348,790	(1,348,790)	-	-	-
-	4,951,819	(4,951,819)	-	-	-
-	8,219,364	(8,219,364)	-	11,469	(11,469)
-	2,550,012	(2,550,012)	-	2,425	(2,425)
-	4,352,402	(4,352,402)	-	4,948	(4,948)
-	1,394,490	(1,394,490)	-	-	-
-	4,268,313	(4,268,313)	-	4,353	(4,353)
-	-	-	1,000	7,958	(6,958)
100,448,970	116,527,157	(16,078,187)	103,393	100,500	2,893

Lejweleputswa District Municipality

Lejweleputswa District Municipality

Appendix E(1)

Unaudited Supplementary Schedule

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2013
June 2013

	Act. Bal.	Adjusted budget	Variance	
	Rand	Rand	Rand	Var
Revenue				
	-	-	-	-
Government Grants	100,387,000	-	100,387,000	-
Other income - (rollup)	40,000	50,000	90,000	180.0
Interest Received - Investment	1,680,000	-	1,680,000	-
Interest received - other	645,260	-	645,260	-
	<u>102,752,260</u>	<u>50,000</u>	<u>102,802,260</u>	<u>5,604.5</u>
Expenses				
Employee remuneration	(49,514,858)	782,615	(48,732,243)	(6,226.8)
Remuneration of councillors	(7,908,779)	(100,000)	(8,008,779)	8,008.8
Depreciation	(7,845,439)	-	(7,845,439)	-
Finance costs	(2,840,607)	-	(2,840,607)	-
Debt impairment	(529,200)	-	(529,200)	-
Repairs and maintenance - General	(912,970)	306,620	(1,219,590)	(397.8)
Grants & subsidies paid	(4,450,000)	-	(4,450,000)	-
General Expenses	(27,869,962)	(14,629,679)	(42,499,641)	290.5
Other (taken out of General expenses)	-	-	-	-
Transfer to local municipality	(1,950,000)	-	(1,950,000)	-
Transfer to the development agency	(2,500,000)	-	(2,500,000)	-
	<u>(106,321,815)</u>	<u>(13,640,444)</u>	<u>(120,575,499)</u>	<u>884.0</u>
Other revenue and costs				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net surplus/ (deficit) for the year	<u>(3,569,555)</u>	<u>(13,590,444)</u>	<u>(17,773,239)</u>	<u>130.8</u>

Lejweleputswa District Municipality

Lejweleputswa District Municipality

Appendix E(2)

Unaudited Supplementary Schedule

Budget Analysis of Capital Expenditure as at 30 June 2012

June 2013

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %
Municipality				
Council General	300,717	260,000	(40,717)	(16)
Speaker	19,621	15,000	(4,621)	(31)
Executive Mayor	129,159	35,000	(94,159)	(269)
Mayoral Committee	28,618	20,000	(8,618)	(43)
Municipal Manager	29,555	20,000	(9,555)	(48)
Corporate Services	499,550	22,000	(477,550)	(2,171)
Human Resources	-	-	-	-
Information Technology	74,734	-	(74,734)	-
Property	1,998	-	(1,998)	-
Social Services	-	-	-	-
Disaster Management	8,116	-	(8,116)	-
Environmental Health	180,004	100,000	(80,004)	(80)
Economic Development	29,242	25,000	(4,242)	(17)
Technical Support	-	-	-	-
Financial Services	537,123	515,000	(22,123)	(4)
Municipal Support	-	-	-	-
Rural Roads	-	-	-	-
	1,838,437	1,012,000	(826,437)	(82)

Lejweleputswa District Municipality
Appendix F
Unaudited Supplementary Schedule
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003
June 2013

Name of Grants	Quarterly Receipts					Quarterly Expenditure					Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act
	Oct	Jan	Apr	Jul	Sep	Oct	Jan	Apr	Jul	Sep	Yes/ No
Municipal Service Improvement Grant	-	(1,000,000)	-	-	-	-	48,750	-	96,340	640,295	Yes
Financial Management Grant	(1,250,000)	-	-	-	-	101,322	327,232	275,529	235,932	292,110	Yes
	(1,250,000)	(1,000,000)	-	-	-	101,322	375,982	275,529	332,272	932,405	