MANGAUNG

AT THE HEART OF IT ALL

Mangaung Metropolitan Municipality

Financial statements

for the year ended 30 June 2013

General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	Providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area.
Executive Mayor	Manyoni T M
Grading of local authority	Metropolitan
Accounting officer	Mazibuko S
Chief Finance Officer (CFO)	Mohlahlo M E
Registered office	Bram Fischer Building Cnr Nelson Mandela Street and Markgraaff Street Bloemfontein 9301
Business address	Bram Fischer Building Cnr Nelson Mandela Street and Markgraaff Street Bloemfontein 9301
Postal address	PO Box 3704 Bloemfontein 9301
Bankers	ABSA Bank Limited Development Bank of South Africa First National Bank Nedbank Limited Standard Bank
Auditors	The Auditor-General of South Africa

General Information

Councillors

Botes FR
Dennis ME
Ditabe RP
Hlujane MD
Horn W
Jacobs TA
Jacobs TB
July LR
Khi ZT
Lazenby JAA
Lephoi MJ
Litabe TK
Mbange MB
Mfazwe TM
Minnie H
Moilwa ME
Mokotjo NG
Mophethe TA
Morutle SS
Mtshiwane KJ
Phokoje SD
Pongolo XD
Powell JD
Pretorius JC
Rametse MA
Ramokotjo FP
Ramona TM
Sechoaro CSK
Selaledi M
Siyonzana MA
Snyman van Deventer E
Terblanche AP
Toba AL
Tsomela MM
Van Biljon PJJ
Van der Merwe R
Zerwick AS

General Information

Dibeco MD
Dyosiba S
Eti MJ
Kaliya SG
Kuape PA
Lala TS
Leech D
Lekgela LE
Madela BNV
Makhele ET
Malebo MC
Mangcotywa ZE
Manyoni TM
Masoetsa LA
Mathobisa ML
Matsemelela MV
Matsoetlane MJ
Moeng MA
Mofokeng MJ
Mogamise ID
Mokoloko PR
Moloabi RLAE
Monnakgori SA
Mononyane MB
Moopelo TM
Moroe TCL
Moruri MM
Mosiuoa TA
Motladile MZ
Motlatsi HJ
Mpeqeka MS
Naile TJ
Ndamane SS
Nkoe MJ
Parkie TD
Phajane MA
Phupha NA
Pretorius C
Rabela KN
Rampai CLM
Ratsiu NA
Sebothelo ME
Sekakanyo DM
Thipenyane GTM
Titi-Odile LM
Tobie EC
Van der Westhuizen P
Van Niekerk HJC
Viviers BJ
Ward VW
Zophe NM

Bacela GM
Britz JF
Janse Van Vuuren DE
Mokone KO
Mpakathe TS
Nothnagel J
Olivier GJ
Pato TWG
Teko ED

General Information

Enabling legislation

Local Government: Municipal Finance Management Act (Act 56 of 2003)
Local Government: Municipal Systems Act (Act 32 of 2000)
Local Government: Municipal Structures Act (Act 117 of 1998)
Municipal Property Rates Act (Act 6 of 2004)
Division of Revenue Act (Act 5 of 2012)

Index

The reports and statements set out below comprise the 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 (Act 56 of 2003)
MIG	Municipal Infrastructure Grant (Previously CMIP)
SALGA	South Africa Local Government Association

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 financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the financial statements fairly present the state of affairs of the entity 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 financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 48 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act (Act 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

Although the accounting officer is primarily responsible for the financial affairs of the entity, she is supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 8.

The financial statements set out on pages 8 to 126, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 31 August 2013:

Mazibuko S
Accounting Officer

Accounting Officer's Report

The accounting officer submits her report for the year ended 30 June 2013.

1. Review of activities

Main business and operations

The entity is engaged in providing municipal services and maintaining the best interest of the local community, mainly in the Mangaung area and operates principally in South Africa.

The operating results and state of affairs of the entity are fully set out in the attached financial statements and do not in our opinion require any further comment.

Surplus of the entity was R 490,751,476 (2012: surplus R 364,482,891).

2. Going concern

We draw attention to the fact that at 30 June 2013, the entity had accumulated surplus of R 9,688,243,696 and that the entity's total assets exceed its liabilities by R 10,278,982,883.

The 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.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the entity.

The entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act (Act 5 of 2012).

3. Subsequent events

Write-off of Debt:

Prescribed Consumer Debt:

On 4 July 2013 the Council resolved that all prescribed debt for households, non profit organizations, churches and small businesses (service charges and taxes) older than five years be written off from the debtors book. This amounted to R170,290,641.21 and the Provision for Bad Debt will be utilised for the write off of this debt. This debt is included in the Impairment Provision at 30 June 2013 as disclosed in note 7.

Lease Agreement Audit:

After conducting a lease agreement audit a number of deficiencies were noted with regards to the lease contracts where municipal properties are leased out to third parties. The main deficiencies noted were as follows:
- Expired contracts
- No contracts in place
- Maintenance issues of the lease properties
- Overall deficiencies relating to the existing contracts

The Council resolved that the entity is to embark on a re-negotiation process with regards to all leased municipal properties.

In addition the following write off was approved by Council for lease debt older than 3 years:

Lease debt for Commercial Properties	R535,535.94
Lease for Sports Clubs	R642.00

This debt is included in the Impairment Provision at 30 June 2013 as disclosed in note 7.

4. Accounting Officer's interest in contracts

None.

Accounting Officer's Report

5. Accounting policies

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

6. Accounting Officer

The accounting officer of the entity during the year and to the date of this report is as follows:

Name	Nationality
Mazibuko S	South African

Statement of Financial Position as at 30 June 2013

	Note(s)	2013 R	Restated 2012 R
Assets			
Current Assets			
Inventory	3	8,985,090	8,299,281
Current portion of Centlec Receivables	14	12,766,872	13,447,336
Other receivables from exchange transactions	5	50,333,160	28,225,375
Consumer receivables from non-exchange transactions	6	114,032,235	106,447,321
Consumer receivables from exchange transactions	7	299,178,324	237,745,621
Cash and cash equivalents	8	257,366,261	178,976,851
		742,661,942	**573,141,785**
Non-Current Assets			
Investment property	9	2,796,282,240	2,794,846,119
Property, plant and equipment	10	7,093,313,091	6,604,026,455
Intangible assets	11	8,896,793	7,551,050
Heritage assets	12	297,230,438	83,387,691
Investments	13	100	100
Non-current portion of Centlec Receivables	14	2,467,423,945	2,137,389,091
Non-current receivables	4	9,961,566	11,613,679
		12,673,108,173	**11,638,814,185**
Non-current assets held for sale and assets of disposal groups		7,560,000	-
Total Assets		**13,423,330,115**	**12,211,955,970**
Liabilities			
Current Liabilities			
Current portion of non-current borrowings	15	9,548,467	4,401,674
Current portion of finance lease liabilities	16	3,854,724	2,477,556
Payables from exchange transactions	17	639,671,908	578,614,612
Payables from non-exchange transactions	18	3,690,189	2,544,810
Consumer deposits	20	27,676,875	26,901,926
Unspent conditional grants and receipts	21	198,037,766	216,606,426
Current portion of Centlec Payables	30	956,074,557	984,405,296
VAT payable	22	88,272,232	49,765,983
		1,926,826,718	**1,865,718,283**
Non-Current Liabilities			
Borrowings	15	326,747,925	146,970,651
Finance lease liability	16	3,301,170	2,990,344
Defined benefit plan obligation	23	452,964,000	344,111,000
Provisions	24	434,507,419	410,431,500
		1,217,520,514	**904,503,495**
Total Liabilities		**3,144,347,232**	**2,770,221,778**
Net Assets		**10,278,982,883**	**9,441,734,192**
Net Assets			
Reserves			
Revaluation reserve	26	511,066,575	182,349,412
Self-insurance reserve	28	68,215,486	77,595,746
COID reserve	29	11,457,126	11,764,522
Accumulated surplus		9,688,243,696	9,170,024,512
Total Net Assets		**10,278,982,883**	**9,441,734,192**

Mangaung Metropolitan Municipality

Financial Statements for the year ended 30 June 2013

Statement of Financial Performance

	Notes	2013 R	Restated 2012 R
Revenue			
Fines		3,828,696	2,884,999
Government grants & subsidies	32	1,296,186,619	1,134,016,454
Income from agency services	33	106,046,017	102,247,441
Interest received	34	481,631,247	237,810,153
Licences and permits		431,225	350,660
Other income	35	102,307,787	40,587,847
Property rates	36	514,177,402	463,255,702
Rental of facilities and equipment	37	17,877,976	10,476,378
Service charges	38	716,277,802	621,237,648
Total revenue		**3,238,764,771**	**2,612,867,282**
Expenditure			
Employee related costs	43	(924,677,352)	(846,863,252)
Remuneration of councillors	48	(43,610,235)	(41,317,639)
Depreciation and amortisation	42	(286,686,762)	(295,597,009)
Finance costs	44	(124,767,294)	(131,672,056)
Bad debts and provision for bad debts	39	(303,084,652)	(222,234,114)
Repairs and maintenance		(118,411,634)	(149,001,969)
Bulk purchases	40	(346,266,015)	(284,552,289)
Contracted services	41	(165,784,955)	(129,702,666)
Grants and subsidies paid	47	(32,363,283)	(63,149,164)
General expenses	46	(330,862,299)	(307,455,447)
Total expenditure		**(2,676,514,481)**	**(2,471,545,605)**
Operating surplus		**562,250,290**	**141,321,677**
Gain on fair value adjustments on assets	45	1,486,613	78,111,569
Loss on disposal of assets		(12,071)	(3,000)
Actuarial gain/(loss) on defined benefit plan obligation	45	(74,337,266)	143,359,180
Gain on disposal of non-current assets		1,363,910	1,693,465
		(71,498,814)	**223,161,214**
Surplus for the year		**490,751,476**	**364,482,891**
Attributable to:			
Owners of the controlling entity		490,751,476	364,482,891

Statement of Changes in Net Assets

	Housing development fund reserve R	Revaluation reserve R	Mark-to-market reserve R	Self insurance reserve R	COID reserve R	Total reserves R	Accumulated surplus R	Total net assets R
Opening balance as previously reported	3,650,426	669,772,371	9,333	76,090,167	10,996,660	760,518,957	7,705,649,877	8,466,168,834
Adjustments								
Change in accounting policy	-	-	(9,333)	-	-	(9,333)	9,333	-
Prior year adjustments	-	(475,654,488)	-	-	-	(475,654,488)	752,081,655	276,427,167
Balance at 01 July 2011 as restated	**3,650,426**	**194,117,883**	**-**	**76,090,167**	**10,996,660**	**284,855,136**	**8,457,740,865**	**8,742,596,001**
Changes in net assets								
Net income (losses) recognised directly in net assets	-	-	-	-	-	-	-	-
Surplus for the year	-	-	-	-	-	-	364,482,891	364,482,891
Total recognised income and expenses for the year	-	-	-	-	-	-	364,482,891	364,482,891
Disposal of assets	-	-	-	-	-	-	7,558,631	7,558,631
Asset Revaluations	-	3,513,945	-	-	-	3,513,945	-	3,513,945
Realisation of Revaluation reserve	-	(15,282,416)	-	-	-	(15,282,416)	15,282,416	-
Contributions introduced	-	-	-	1,708,607	3,074,454	4,783,061	(4,755,981)	27,080
Prior Period Adjustments	-	-	-	-	-	-	324,251,875	324,251,875
Realisation of COID Reserve	-	-	-	-	(696,231)	(696,231)	-	(696,231)
Insurance claims processed	-	-	-	(203,028)	(1,610,361)	(1,813,389)	1,813,389	-
Transfers	(3,650,426)	-	-	-	-	(3,650,426)	3,650,426	-
Total changes	(3,650,426)	(11,768,471)	-	1,505,579	767,862	(13,145,456)	712,283,647	699,138,191
Opening balance as previously reported	-	182,349,412	-	77,595,746	11,764,522	271,709,680	7,989,302,031	8,261,011,711
Adjustments								
Prior year adjustments	-	-	-	-	-	-	(1,206,312,113)	(1,206,312,113)
Balance at 01 July 2012 as restated	**-**	**182,349,412**	**-**	**77,595,746**	**11,764,522**	**271,709,680**	**9,195,614,144**	**9,467,323,824**
Changes in net assets								
Surplus for the year	-	-	-	-	-	-	490,751,476	490,751,476
Realisation of Revaluation reserve	-	(4,701,508)	-	-	-	(4,701,508)	4,701,508	-
Revaluation of assets	-	333,418,171	-	-	-	333,418,171	-	333,418,171
Other income	-	500	-	-	-	500	-	500

Statement of Changes in Net Assets

	Housing development fund reserve	Revaluation reserve	Mark-to-market reserve	Self insurance reserve	COID reserve	Total reserves	Accumulated surplus	Total net assets
	R	R	R	R	R	R	R	R
Insurance claims processed	-	-	-	(9,380,260)	(3,130,828)	(12,511,088)	-	(12,511,088)
Contributions Received	-	-	-	-	2,823,432	2,823,432	(2,823,432)	-
Total changes	-	328,717,163	-	(9,380,260)	(307,396)	319,029,507	492,629,552	811,659,059
Balance at 30 June 2013	**-**	**511,066,575**	**-**	**68,215,486**	**11,457,126**	**590,739,187**	**9,688,243,696**	**10,278,982,883**
Note(s)		26	27	28	29			

Mangaung Metropolitan Municipality
Financial Statements for the year ended 30 June 2013

Cash Flow Statement

	Notes	2013 R	Restated 2012 R
Cash flows from operating activities			
Receipts			
Cash receipts from customers		3,125,041,979	1,189,897,296
Grants		1,296,186,619	1,089,933,010
Interest received		24,764,467	14,571,843
Other Receipts		102,307,787	76,443,883
		4,548,300,852	2,370,846,032
Payments			
Employee costs		(968,287,587)	(888,180,891)
Suppliers		(1,306,179,383)	(1,045,546,451)
Other cash item		(1,441,691,723)	28,154,380
		(3,716,158,693)	(1,905,572,962)
Net cash flows from operating activities	49	**832,142,159**	**465,273,070**
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(510,679,030)	(79,408,224)
Proceeds from sale of property, plant and equipment	10	6,283,201	1,087,158
Purchase of investment property	9	(1,486,613)	(313,465,127)
Purchase of Heritage Assets	9	1,486,613	(446,805)
(Purchase)/disposal of other intangible assets	11	(6,529)	(363,327)
Purchases of heritage assets	12	(3,892,105)	-
Proceeds from sale of heritage assets	12	-	2,154,933
Entity combinations		-	4,202,851
Increase in non-current receivables		(72,697,224)	(174,087,198)
Net cash flows from investing activities		**(580,991,687)**	**(560,325,739)**
Cash flows from financing activities			
Proceeds from non-current borrowings		-	39,740,038
Repayment of loans		184,924,067	-
Movement in centlec payables		(28,330,739)	-
Repayment of shareholders loan		(329,354,390)	-
Finance lease movements		-	2,613,949
Net cash flows from financing activities		**(172,761,062)**	**42,353,987**
Net (decrease)/increase in cash and cash equivalents		**78,389,410**	**(52,698,682)**
Cash and cash equivalents at the beginning of the year		178,976,851	231,675,533
Cash and cash equivalents at the end of the year	8	**257,366,261**	**178,976,851**

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	2,400,057,196	141,179,171	**2,541,236,367**	716,277,802	**(1,824,958,565)**	Refer below
Rental of facilities and equipment	24,792,951	(2,130,282)	**22,662,669**	17,877,976	**(4,784,693)**	Refer below
Income from agency services	3,527,407	-	**3,527,407**	106,046,017	**102,518,610**	Refer below
Licences and permits	765,567	31,065	**796,632**	431,225	**(365,407)**	Refer below
Other income	715,498,235	143,648,230	**859,146,465**	102,307,787	**(756,838,678)**	Refer below
Interest received - investment	54,727,000	203,976,463	**258,703,463**	481,631,247	**222,927,784**	Refer below
Total revenue from exchange transactions	**3,199,368,356**	**486,704,647**	**3,686,073,003**	**1,424,572,054**	**(2,261,500,949)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	493,976,301	-	**493,976,301**	514,177,402	**20,201,101**	Refer below
Government grants & subsidies	651,134,000	(804,755)	**650,329,245**	1,296,186,619	**645,857,374**	Refer below
Transfer revenue						
Fines	5,062,882	(1,000,000)	**4,062,882**	3,828,696	**(234,186)**	Refer below
Gains on disposal of property, plant and equipment	39,536	-	**39,536**	-	**(39,536)**	
Total revenue from non-exchange transactions	**1,150,212,719**	**(1,804,755)**	**1,148,407,964**	**1,814,192,717**	**665,784,753**	
Total revenue	**4,349,581,075**	**484,899,892**	**4,834,480,967**	**3,238,764,771**	**(1,595,716,196)**	
Expenditure						
Personnel	(954,589,114)	(54,841,718)	**(1,009,430,832)**	(924,677,352)	**84,753,480**	Refer below
Remuneration of councillors	(46,206,994)	-	**(46,206,994)**	(43,610,235)	**2,596,759**	Refer below
Depreciation and amortisation	(200,157,300)	(135,267,859)	**(335,425,159)**	(286,686,762)	**48,738,397**	Refer below
Finance costs	(65,663,531)	(98,191,283)	**(163,854,814)**	(124,767,294)	**39,087,520**	Refer below
Debt impairment	(142,989,312)	-	**(142,989,312)**	(303,084,652)	**(160,095,340)**	Refer below
Repairs and maintenance	-	-	**-**	(118,411,634)	**(118,411,634)**	Refer below
Bulk purchases	(1,716,985,113)	(28,607,526)	**(1,745,592,639)**	(346,266,015)	**1,399,326,624**	Refer below
Contracted Services	(323,578,523)	129,821,020	**(193,757,503)**	(165,784,955)	**27,972,548**	Refer below
Grants and subsidies paid	(140,289,371)	(247,000)	**(140,536,371)**	(32,363,283)	**108,173,088**	Refer below
General Expenses	(728,996,265)	(145,990,440)	**(874,986,705)**	(330,862,299)	**544,124,406**	Refer below
Total expenditure	**(4,319,455,523)**	**(333,324,806)**	**(4,652,780,329)**	**(2,676,514,481)**	**1,976,265,848**	

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Operating surplus	**(4,319,455,523)**	**(333,324,806)**	**(4,652,780,329)**	**562,250,290**	**5,215,030,619**	
Gain on disposal of assets and liabilities	-	-	-	1,486,613	**1,486,613**	Refer below
Loss on foreign exchange	-	-	-	(12,071)	**(12,071)**	Refer below
Fair value adjustments	-	-	-	(74,337,266)	**(74,337,266)**	Refer below
Gain on non-current assets held for sale or disposal groups	-	-	-	1,363,910	**1,363,910**	Refer below
	-	**-**	**-**	**(71,498,814)**	**(71,498,814)**	
Surplus before taxation	**(4,319,455,523)**	**(333,324,806)**	**(4,652,780,329)**	**490,751,476**	**5,143,531,805**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(4,319,455,523)**	**(333,324,806)**	**(4,652,780,329)**	**490,751,476**	**5,143,531,805**	

Mangaung Metropolitan Municipality

Financial Statements for the year ended 30 June 2013

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Statement of Financial Position						
Assets						
Current Assets						
Inventory	41,039,591	306,203	**41,345,794**	8,985,090	**(32,360,704)**	Refer below
Current portion of long-term receivables	16,338,703	816,935	**17,155,638**	12,766,872	**(4,388,766)**	Refer below
Other receivables from exchange transactions	129,002,602	9,294,878	**138,297,480**	50,333,160	**(87,964,320)**	Refer below
Consumer debtors	354,285,980	266,502,983	**620,788,963**	413,210,559	**(207,578,404)**	Refer below
Cash and cash equivalents	305,136,032	118,379,591	**423,515,623**	257,366,261	**(166,149,362)**	Refer below
	845,802,908	**395,300,590**	**1,241,103,498**	**742,661,942**	**(498,441,556)**	
Non-Current Assets						
Investment property	43,722,294	1,300,486,506	**1,344,208,800**	2,796,282,240	**1,452,073,440**	Refer below
Property, plant and equipment	4,813,649,877	4,788,207,427	**9,601,857,304**	7,093,313,091	**(2,508,544,213)**	Refer below
Intangible assets	13,414,236	252,382	**13,666,618**	8,896,793	**(4,769,825)**	Refer below
Heritage assets	-	-	**-**	297,230,438	**297,230,438**	Refer below
Investments	11,868	11,868	**23,736**	100	**(23,636)**	Refer below
Centlec Receivables	-	-	**-**	2,467,423,945	**2,467,423,945**	Refer below
Non-current receivables	2,254,808	112,740	**2,367,548**	9,961,566	**7,594,018**	Refer below
	4,873,053,083	**6,089,070,923**	**10,962,124,006**	**12,673,108,173**	**1,710,984,167**	
Non-current assets held for sale and assets of disposal groups	-	-	**-**	7,560,000	**7,560,000**	Refer below
Total Assets	**5,718,855,991**	**6,484,371,513**	**12,203,227,504**	**13,423,330,115**	**1,220,102,611**	
Liabilities						
Current Liabilities						
Non-current borrowings	18,503,898	(14,102,224)	**4,401,674**	9,548,467	**5,146,793**	Refer below
Finance lease liability	-	-	**-**	3,854,724	**3,854,724**	Refer below
Payables from exchange transactions	727,888,915	224,649,404	**952,538,319**	639,671,908	**(312,866,411)**	Refer below
Taxes and transfers payable (non-exchange)	-	-	**-**	3,690,189	**3,690,189**	Refer below
Consumer deposits	85,175,873	(333,374)	**84,842,499**	27,676,875	**(57,165,624)**	Refer below
Unspent conditional grants and receipts	-	-	**-**	198,037,766	**198,037,766**	Refer below
Current portion of Centlec Payables	-	-	**-**	956,074,557	**956,074,557**	Refer below
VAT payable	-	-	**-**	88,272,232	**88,272,232**	Refer below
	831,568,686	**210,213,806**	**1,041,782,492**	**1,926,826,718**	**885,044,226**	

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Non-Current Liabilities						
Non-current borrowings	253,814,483	(127,353,463)	**126,461,020**	326,747,925	**200,286,905**	Refer below
Finance lease liability	-	-	**-**	3,301,170	**3,301,170**	Refer below
Defined benefit plan obligation	-	-	**-**	452,964,000	**452,964,000**	Refer below
Provisions	564,066,326	7,783,581	**571,849,907**	434,507,419	**(137,342,488)**	Refer below
	817,880,809	**(119,569,882)**	**698,310,927**	**1,217,520,514**	**519,209,587**	
Total Liabilities	**1,649,449,495**	**90,643,924**	**1,740,093,419**	**3,144,347,232**	**1,404,253,813**	
Net Assets	**4,069,406,496**	**6,393,727,589**	**10,463,134,085**	**10,278,982,883**	**(184,151,202)**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	1,496,437,857	1,283,028,034	**2,779,465,891**	511,066,575	**(2,268,399,316)**	Refer below
Insurance reserve	-	-	**-**	68,215,486	**68,215,486**	Refer below
COID reserve	-	-	**-**	11,457,126	**11,457,126**	Refer below
Accumulated surplus	2,572,968,639	5,110,699,555	**7,683,668,194**	9,688,243,696	**2,004,575,502**	Refer below
Total Net Assets	**4,069,406,496**	**6,393,727,589**	**10,463,134,085**	**10,278,982,883**	**(184,151,202)**	

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R	R	R	R	R	
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Ratepayers and other	3,240,690,294	195,463,026	**3,436,153,320**	-	**(3,436,153,320)**	Refer below
Grants	1,165,101,000	149,488,933	**1,314,589,933**	-	**(1,314,589,933)**	Refer below
Interest income	52,656,100	4,023,569	**56,679,669**	-	**(56,679,669)**	Refer below
	4,458,447,394	**348,975,528**	**4,807,422,922**	**-**	**(4,807,422,922)**	
Payments						
Employee costs	(3,497,849,288)	(265,673,379)	**(3,763,522,667)**	-	**3,763,522,667**	Refer below
Finance costs	(61,799,231)	(102,055,583)	**(163,854,814)**	-	**163,854,814**	Refer below
Other payments	(140,289,371)	17,274,213	**(123,015,158)**	-	**123,015,158**	Refer below
	(3,699,937,890)	**(350,454,749)**	**(4,050,392,639)**	**-**	**4,050,392,639**	
Net cash flows from operating activities	**758,509,504**	**(1,479,221)**	**757,030,283**	**-**	**(757,030,283)**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(678,300,449)	(68,002,109)	**(746,302,558)**	-	**746,302,558**	Refer below
Proceeds from sale of property, plant and equipment	35,936	(35,936)	**-**	-	**-**	Refer below
Net cash flows from investing activities	**(678,264,513)**	**(68,038,045)**	**(746,302,558)**	**-**	**746,302,558**	
Cash flows from financing activities						
Proceeds on consumer deposits	1,255,400	3,857,600	**5,113,000**	-	**(5,113,000)**	Refer below
Proceeds from non-current borrowings	105,885,163	(26,471,291)	**79,413,872**	-	**(79,413,872)**	Refer below
Repayment of non-current borrowings	(13,500,000)	-	**(13,500,000)**	-	**13,500,000**	Refer below
Net cash flows from financing activities	**93,640,563**	**(22,613,691)**	**71,026,872**	**-**	**(71,026,872)**	
Net increase/(decrease) in cash and cash equivalents	173,885,554	(92,130,957)	**81,754,597**	-	**(81,754,597)**	Refer below
Cash and cash equivalents at the beginning of the year	131,250,478	210,510,548	**341,761,026**	-	**(341,761,026)**	Refer below
Cash and cash equivalents at the end of the year	**305,136,032**	**118,379,591**	**423,515,623**	**-**	**(423,515,623)**	

Refer to monthly financial report for the month ended 30 June 2013 for explanations on differences.

Due to the fact that the entity only makes the consolidated approved budget public, the disclosed budget amounts as per the statement above includes those of the municipal entity.

Accounting Policies

1. Presentation of Financial Statements

The 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 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.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Standards and interpretations effective and adopted in the current year.

1.1 Transfer of Functions between entities not under common control

Transfer of functions between entities not under common control will be accounted for on the acquisition method. The consideration transferred for the acquisition of a function is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in the transfer of functions are measured initially at their fair values at the transfer date.

Identifying the acquirer and transferor

For each transfer of functions between entities under common control an acquirer and transferor are identified. All relevant facts and circumstances are considered in identifying the acquirer and transferor.

The terms and conditions of a transfer of functions undertaken between entities under common control are set out in a binding arrangement. The binding arrangement governing the terms and conditions of a transfer of functions may identify which entity to the transaction or event is the transferor(s) and which entity is the acquirer. Where the binding arrangement does not clearly identify the acquirer or the transferor, the behaviour or actions of the entities may indicate which entity is the acquirer and which entity is the transferor.

Determining the acquirer includes a consideration of, amongst other things, which of the entities involved in the transfer of functions initiated the transaction or event, the relative size of the entities, as well as whether the assets or revenue of one of the entities involved in the transaction or event significantly exceed those of the other entities. If no acquirer can be identified, the transaction or event is accounted for in terms of the Standard of GRAP on Mergers.

Determining the transfer date

The acquirer and the transferor identify the transfer date, which is the date on which the acquirer obtains control and the transferor loses control of that function.

All relevant facts and circumstances are considered in identifying the transfer date.

Assets acquired and liabilities assumed

The recognition of assets and liabilities, is subject to the following conditions:

The assets acquired and the liabilities assumed are part of what had been agreed in terms of the binding arrangement (if applicable), rather than the result of separate transactions.

1.1 (continued)

Accounting by the entity as acquirer

Initial recognition and measurement

As of the transfer date, the entity recognises the purchase consideration paid to the transferor and all the assets acquired and liabilities assumed in a transfer of functions. The assets acquired and liabilities assumed are measured at their fair values.

If, prior to the transfer of functions, the transferor was not applying the accrual basis of accounting, the transferor changes its basis of accounting to the accrual basis of accounting prior to the transfer.

The consideration paid by the entity can be in the form of cash, cash equivalents or other assets. If the consideration paid is in the form of other assets, the entity de-recognises such assets on the transfer date at their carrying amounts.

The difference between the fair value of the assets acquired, the liabilities assumed and the consideration paid to the transferor, is recognised in accumulated surplus or deficit.

Measurement period

If the initial accounting for a transfer of functions is incomplete by the end of the reporting period in which the transfer occurs, the entity reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the entity retrospectively adjust the provisional amounts recognised at the transfer date to reflect new information obtained about facts and circumstances that existed as of the transfer date and, if known, would have affected the measurement of the amounts recognised as of that date. The measurement period ends as soon as the entity receives the information it was seeking about facts and circumstances that existed as of the transfer date or learns that more information is not obtainable. However, the measurement period does not exceed two years from the transfer date.

The entity considers all relevant factors in determining whether information obtained after the transfer date should result in an adjustment to the provisional amounts recognised or whether that information results from events that occurred after the transfer date.

The entity recognises an increase (decrease) in the provisional amount recognised for an asset (liability) by means of decreasing (increasing) the excess of the purchase consideration paid over the fair value of the assets acquired and liabilities assumed previously recognised in accumulated surplus or deficit. However, new information obtained during the measurement period may sometimes result in an adjustment to the provisional amount of more than one asset or liability.

During the measurement period, the entity recognises adjustments to the provisional amounts as if the accounting for the transfer of functions had been completed at the transfer date. Thus, the entity revises comparative information for prior periods presented in financial statements as needed, including making any change in depreciation, amortisation or other income effects recognised in completing the initial accounting.

After the measurement period ends, the entity revises the accounting for a transfer of functions only to correct an error in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Acquisition-related costs

Acquisition-related costs are costs that the entity incurs to affect the transfer of functions. These costs include advisory, legal, accounting and other professional or consulting fees and general administrative costs. The entity accounts for acquisition-related costs as expenses in the period in which the costs are incurred and the services are received, with the exception of the costs incurred to issue debt or equity securities, which are recognised in accordance with the Standard of GRAP on Financial Instruments.

Subsequent measurement

The entity subsequently measure any assets acquired and any liabilities assumed in a transfer of functions in accordance with the applicable Standards of GRAP, as set out in the accounting policies for those types of assets and liabilities.

1.1 (continued)

At the transfer date, the entity classifies or designates the assets acquired and liabilities assumed as necessary to apply other Standards of GRAP subsequently. The entity makes those classifications or designations on the basis of the terms of the binding arrangement, economic conditions, its operating or accounting policies and other relevant conditions that exist at the transfer date. An exception is that the entity classifies the following contracts on the basis of the contractual terms and other factors at the inception of the contract (or, if the terms of the contract have been modified in a manner that would change its classification, at the date of that modification, which might be the transfer date):

- classification of a lease contract as either an operating lease or a finance lease in accordance with the Standard of GRAP on Leases; and
- classification of a contract as an insurance contract in accordance with the International Financial Reporting Standard on Insurance Contracts.

Accounting by the entity as transferor

Derecognition of assets transferred and liabilities relinquished

As of the transfer date, the entity derecognises from its financial statements, all the assets transferred and liabilities relinquished in a transfer of functions at their carrying amounts.

Until the transfer date, the entity continues to measure these assets and liabilities in accordance with applicable Standards of GRAP.

The consideration received from the acquirer can be in the form of cash, cash equivalents or other assets. If the consideration received is in the form of other assets, the entity measures such assets at their fair value on the transfer date in accordance with the applicable Standard of GRAP. The difference between the fair value of the assets transferred, the liabilities relinquished and the consideration received from the acquirer is recognised in accumulated surplus or deficit.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

Trade receivables, loans and other receivables

The entity assesses its trade receivables, loans and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management 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 trade receivables, loans and other 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.

Allowance for slow moving, damaged and obsolete inventory

An allowance is made for slow-moving, damaged and obsolete inventory to write inventory down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the statement of financial performance.

Fair value estimation

The fair value of financial instruments traded in active markets, such as trading and available-for-sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Accounting Policies

1.1 (continued)

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates and supply demand, together with economic factors such as exchange rates, inflation and interest.

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 24 - Provisions.

Provisions are measured using management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effect is material.

Useful lives and residual values

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge prospectively where useful lives are less than previously estimated useful lives.

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 or income include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The 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 and medical aid obligations. In determining the appropriate discount rate, the 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 23.

Effective interest rate and deferred payment terms

The entity used the prime interest rate adjusted for rates used by main suppliers or creditors 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.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

1.3 Investment property (continued)

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

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

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

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

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measure that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity apply the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.4 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 entity; 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.

Accounting Policies

1.4 Property, plant and equipment (continued)

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

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

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 shall be depreciated separately

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Subsequent measurement - Revaluation model (Land and Buildings)

Subsequent to initial recognition items of property, plant and equipment are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Land is not depreciated, except for landfill and quarry sites, as it is deemed to have an indefinite useful life.

Revaluations are performed every 5 years by registered valuators for every class separately.

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

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

Subsequent measurement - Cost

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment.

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

Depreciation and impairment

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

Land is not depreciated as it has an indefinite useful life.

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

1.4 Property, plant and equipment (continued)

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

Item	Estimated useful life (years)
Buildings	30-53
Other assets	5-15
Other vehicles	4-10
Fire Arms	3-5
Community / Recreational facilities	20-30
Environmental facilities	3-5
Finance lease - Equipment	3-5
Roads and storm water	15-30
Finance leases - 3 G cards	2
Finance leases - Cell phones	2
Security	3-5
Sewerage and Mains	10-15
Quarries	20-30
Landfill sites	15-70
Water and sewerage network	15-20
Housing	30
Specialised plant and equipment	3-5

The residual value, and 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.

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 entity 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.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the entity.

1.5 Site restoration and dismantling cost

The entity has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as ‘decommissioning, restoration and similar liabilities’. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

1.5 Site restoration and dismantling cost (continued)

If the related asset is measured using the revaluation model:
(a) changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
- a decrease in the liability (subject to (b)) is credited to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit
- an increase in the liability is recognised in surplus or deficit, except that it is debited to the revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(b) in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit; and
(c) a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit or net assets under (a). If a revaluation is necessary, all assets of that class are revalued.

1.6 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 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 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.

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 (years)**
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.

1.6 Intangible assets (continued)

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.

1.7 Heritage assets

The entity displays wild animals primarily for the conservation of endangered species as well as for education purposes. The entity also displays orchids in the orchid house which are kept and cared for in the Orchid Greenhouse, for the same reasons. The service potential embodied in the zoo and nature reserve animals and the orchids mainly arises from the benefit to preserve the specific asset for present and future generations.

Initial recognition

Biological and other assets recognised as heritage assets are initially recognised and measured at its cost. When the asset is acquired through a non-exchange transaction, its cost is measured at its fair value at the date of acquisition.

Subsequent measurement

Heritage assets of the entity are subsequently measured at fair value. It is not expected that the fair values will differ significantly from year to year, based on the condition, breeding and age of the animals currently kept by the entity. Fair value assessments therefore will be done every five years.

Impairment

The heritage assets of the entity shall not be depreciated but will be assessed at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

The entity assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the entity estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

For a transfer from investment property carried at fair value, or inventories to heritage assets at a revalue amount, any difference between the fair value of the asset at that date and its previous carrying amount shall be recognised in surplus or deficit.

Derecognition

The carrying amount of a heritage asset shall be derecognised:
(a) on disposal, or
(b) when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

1.8 Investments

Investments are carried at cost less any accumulated impairment in the separate financial statements.

The cost of an investment in controlled entity is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the entity; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

1.9 Financial instruments (continued)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

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

Classification

The entity classifies financial assets and financial liabilities into the following categories:
- Financial instruments measured at fair value
- Financial instruments measured at amortised cost
- Financial instruments measured at cost

Accounting Policies

1.9 Financial instruments (continued)

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

1.9 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

In making this assessment management may consider the following indicators as guidance for possible impairment:

- Significant financial difficulty experienced by the borrower/debtor;
- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The entity would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties;
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group. These can include:
  - the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
  - National or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group).
- Is the account in arrears for a period longer than the initial estimated repayment period
- accounts with arrears of over 90 days showing no repayments in the last financial year
- accounts handed over for collection
- any negative changes in the ability of debtors and borrowers to repay the amounts due to the municipality (example: an increased number of late payments)
- a breach in contract, such as a default in interest or capital payments

Management need not utilize all the indicators given above as guidance but only use the indicators to which management has sufficient information to make the assessment for possible or actual impairment. The information which management will utilize should adequately reflect the current status, relating to the collectability of the receivables.

Refer to notes 4 to 7 and 39 for the impact of the above application.

1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

1.9 Financial instruments (continued)

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.10 Tax

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 Value Added Tax Act, (Act 89 of 1991) 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.

1.11 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.

Finance leases - lessee

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

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

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue 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 either a pre-paid expense asset or liability depending on whether the payment exceeds the expense or vice versa.

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

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 either a pre-paid expense asset or liability depending on whether the payment exceeds the expense or vice versa.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

1.12 Inventory

Inventories are initially measured at cost except where Inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently Inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of Inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the Inventories to their present location and condition.

The cost of Inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of Inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all Inventories having a similar nature and use to the entity.

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

1.13 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.

1.14 Impairment of cash-generating assets

Cash-generating assets are those assets held by the 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.

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.

Recoverable amount of an asset or a cash-generating unit is the higher its 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 entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Criteria developed by the entity to distinguish cash-generating assets from non-cash-generating assets are as follows:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The 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 entity estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also test an intangible asset with an indefinite useful life or an intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the entity estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the entity applies the appropriate discount rate to those future cash flows.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

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 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.

1.14 Impairment of cash-generating assets (continued)

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 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 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.

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The 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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.15 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the 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.

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

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.

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 entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the entity would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

Service units approach

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

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 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.

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

Reversal of an impairment loss

The entity assesses 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 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.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occurs when there is clear evidence that such a redesignation is appropriate.

1.16 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.

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 bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past service or performance and the obligation can be estimated reliably.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the entity expects to pay in exchange for that service and had accumulated at the reporting date.

Defined contribution plans

The entity's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit in the period in which the service is rendered by the relevant employees, unless another standard requires or permits the inclusion of the contribution in the cost of an asset. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

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.

1.16 Employee benefits (continued)

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.

Past service costs are recognised 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.

Actuarial gains and losses are recognised in the statement of financial performance in the period that they occur.

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 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.

Actuarial assumptions are included in the note of defined benefit obligation plan.

1.17 Provisions and contingencies

Provisions are recognised when:
- the 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. Provisions are measured at the discounted future cost.

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 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.

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.

Onerous contracts

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

1.17 Provisions and contingencies (continued)

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 51.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the entity for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the entity considers that an outflow of economic resources is probable, an entity recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.17 Provisions and contingencies (continued)

Decommissioning, restoration and similar liabilities

Changes in the measurement of an existing decommissioning, restoration and similar liabilities that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, are accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability are added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability are recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.18 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.

Revenue consists primarily of grants from National- and Provincial Government, services charges, rentals, interest received and other services rendered.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

When considering the probability of the future economic benefits that will flow to the entity, consideration is given to the requirements as outlined in IGRAP 1.

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.

Accounting Policies

1.18 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Rendering of services consist out of solid waste, sanitation, sewerage and water.

Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

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

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

1.19 Revenue from non-exchange transactions (continued)

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting entity.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

Taxes

The entity recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the entity controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The entity analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Debt forgiveness and assumption of liabilities

The entity recognise revenue in respect of debt forgiveness when the former debt no longer meets the definition of a liability or satisfies the criteria for recognition as a liability, provided that the debt forgiveness does not satisfy the definition of a contribution from owners.

Revenue arising from debt forgiveness is measured at the carrying amount of debt forgiven.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Currently fines are recognised as revenue at the earliest of:
- Receipts or;
- Final court ruling.

Assets arising from fines are measured at the best estimate of the inflow of resources to the entity.

Where the entity collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

1.19 Revenue from non-exchange transactions (continued)

Services in-kind

Services in-kind are not recognised.

Concessionary loans received

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

The portion of the loan that is repayable, along with any interest payments, is an exchange transaction and is accounted for in accordance with the Standard of GRAP on Financial Instruments. The off-market portion of the loan is a non-exchange transaction. The off-market portion of the loan that is recognised as non-exchange revenue is calculated as the difference between the proceeds received from the loan, and the present value of the contractual cash flows of the loan, discounted using a market related rate of interest.

The recognition of revenue is determined by the nature of any conditions that exist in the loan agreement that may give rise to a liability. Where a liability exists the entity recognises revenue as and when it satisfies the conditions of the loan agreement.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 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.

1.23 Comparative figures

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

The comparative figures have been restated.

1.24 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003).

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.

Detailed disclosures were made in the notes to the financial statements as required by the Municipal Finance Management Act (Act No. 56 of 2003).

1.25 Fruitless and wasteful expenditure

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

1.25 Fruitless and wasteful expenditure (continued)

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.

Detailed disclosures were made in the notes to the financial statements as required by the Municipal Finance Management Act (Act No. 56 of 2003).

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the Municipal Finance Management Act (Act No.56 of 2003) 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 Municipal Systems Act; or
(c) the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
(d) the supply chain management policy or by-laws giving effect to such policy.

Municipal Finance Management Act (Act No.56 of 2003) Circular No. 68 was issued on 10 May 2013 to provide clarity on the procedures to be followed when dealing with irregular expenditure. This guideline is to be effective for all irregular expenditure from 1 July 2013, but was used as a guideline for irregular expenditure in the current year.

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 and has not been condoned. 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.

1.27 Use of estimates

The preparation of 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 entity’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the 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.

1.28 Presentation of currency

These financial statements are presented in South African Rand.

1.29 Offsetting

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

1.30 Housing development fund

The housing development fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government used to finance housing selling schemes undertaken by the entity were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the fund. Monies standing to the credit of the fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.31 Internal reserves

Self insurance reserve

The entity has a Self-Insurance Reserve to set aside amounts to offset potential losses or claims, which are not insured externally. The balance of the Self-Insurance Reserve is determined based on the insurance risk carried by the entity, which is calculated by the council's insurance broker and is reinstated or increased by a transfer from the accumulated surplus/(deficit). The balance of the self-insurance fund should be invested in short-term cash investments.

Claims are settled by transferring a corresponding amount from the self-insurance reserve to the accumulated surplus.

Compensation for occupational injuries and diseases (COID) reserve

The Compensation for Occupational Injuries and Diseases Reserve is to provide for payment of medical treatment and compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases. The contribution to the COID fund is determined by the Compensation Commissioner. The entity is an exempt employer in terms of Section 84 (1) (a)(ii) & (2) and as such does not pay any assessments to the COID Commissioner. In terms of the exempt status the entity is mandated to establish its own fund and administers this fund in terms of the Compensation for Occupational Injuries and Diseases Act (Act 130 of 1993).

Amounts are transferred to the COID reserve from the accumulated surplus/(deficit) based on the amounts as approved in the annual budget and determined by the Compensation Commissioner as well as additional amounts deemed necessary to ensure that the balance of the reserve is adequate to offset potential claims.

Claims are paid as determined by the Compensation Commissioner. Claims are settled by transferring a corresponding amount from the COID reserve to the accumulated surplus/(deficit).

1.32 Revaluation reserve

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Any impairment loss of a revalued asset shall be treated as a revaluation decrease. To the extent that the impairment loss exceeds the revaluation surplus for the same asset, the impairment loss is recognised in the accumulated surplus/(deficit).

1.33 Mark-to-market reserve

This reserve comprises of all fair value adjustments on available-for-sale financial instruments (unlisted shares). When an asset or liability is derecognised, the fair value adjustments relating to that asset or liability is transferred to surplus/ (deficit).

1.34 Bonus pensionable service and medical boardings

The benefits of Bonus Pensionable Service and Medical Boardings are afforded to members of certain funds in terms of the applicable rules of the relevant funds. The payments are accounted for in the statement of financial performance in the period in which it is paid.

Accounting Policies

1.35 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.36 Segmental information

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The entity operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment information is prepared in conformity with the accounting policies applied for preparing and presenting the financial statements. GRAP 18 has not been considered in developing these policies.

1.37 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 1 July 2012 to 30 June 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.

1.38 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned or controlled 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 local sphere of government are considered to be related parties.

Related party disclosures for transactions between government entities that took place on terms and conditions that are considered to be at arms length and in the ordinary course of business are not disclosed in accordance with IPSAS 20 Related Party Disclosure.

Key management is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity. We regard all individuals from the level of Accounting Officer and Council members as well as managers and directors reporting directly to the municipal manager as key management per the definition of the financial reporting standard.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or to be influenced by key management individuals, in their dealings with the entity.

Accounting Policies

1.39 Service consession arrangements

A grantor is the entity that grants the right to use the service concession asset to the operator.

An operator is the entity that uses the service concession asset to provide public services subject to the grantor's control of the asset.

A service concession arrangement is a binding arrangement between a grantor and an operator in which:
- The operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and
- The operator is compensated for its services over The period of The service concession arrangement.

A service concession asset is an asset used to provide public services in a service concession arrangement that

- Is provided by the grantor which:
- Is an existing asset of the grantor or
- Is an upgrade to an existing asset of the grantor.
- Is provided by the operator which:
- The operator constructs, develops, or acquires from a third party or
- Is an existing asset of the operator.

The grantor shall recognize an asset provided by the operator and an upgrade to an existing asset of the grantor as a service concession asset if:
- The grantor controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and
- The grantor controls—through ownership, beneficial entitlement or otherwise—any significant residual interest in the asset at theend of the term of the arrangement.

The grantor shall initially measure the service concession asset recognised at its fair value.

The reclassified service concession asset shall be accounted for in accordance with GRAP 17 - Property, Plant, and Equipment or GRAP 16 - Investment Property or GRAP 31 - Intangible Assets, as appropriate.

Where the grantor recognises a service concession asset, the grantor shall also recognise a liability.

The liability recognised shall be initially measured at the same amount as the service concession asset, adjusted by the amount of any other consideration (e.g. cash) from the grantor to the operator, or from the operator to the grantor.

Where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction,development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset, the grantor shall account for the liability recognised as the unearned portion of the revenue arising from the exchange of assets between the grantor and the operator.

The grantor shall recognize revenue and reduce the liability recognised according to the economic substance of the service concession arrangement.

The grantor shall account for revenues from a service concession arrangement in accordance with GRAP 9 - Revenue from Exchange Transactions.

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• 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.
• 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.

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the 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:
• 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 not 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 disaggregrated 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.

Notes to the Financial Statements

2. New standards and interpretations (continued)

• 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.
• 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.

Notes to the Financial Statements

2. New standards and interpretations (continued)

• 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.
• 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.
• 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.
• 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).

Notes to the Financial Statements

	2013 R	Restated 2012 R

3. Inventory

Consumable stores	4,744,071	3,717,555
Fuel - Petrol and diesel	1,146,007	1,536,441
Unsold Properties Held for Resale	28,952	29,598
Water in pipes	333,777	296,468
Water in reservoirs	986,694	1,014,416
Water maintenance materials	1,745,589	1,704,803
	8,985,090	**8,299,281**

Inventory recognised as an expense

Inventory expensed	5,552,831	4,108,987
Inventory written off	(37,450)	274,447

No inventory was pledged as security for any financial liability.

4. Non-current receivables

Designated at fair value		
2,535 Unlisted shares - OVK Limited	16,782	14,048
At amortised cost		
Vehicle loans	920,603	939,246
Study loans	48,509	48,509
Erven loans	9,261,872	9,393,841
Housing selling scheme loans	47,484,041	47,380,242
Cricket Stadium	9,450,444	9,345,458
	67,165,469	67,107,296
Impairment - Vehicle loans	(900,471)	(956,114)
Impairment - Study loans	(48,506)	(48,509)
Impairment - Erven loans	(9,090,752)	(9,323,863)
Impairment - Housing selling scheme loans	(47,180,955)	(45,179,178)
	9,944,785	**11,599,632**
Total other financial assets	**9,961,567**	**11,613,680**

Non-current assets		
Designated at Fair Value	16,782	14,048
At amortised cost	9,944,784	11,599,631
	9,961,566	**11,613,679**

Notes to the Financial Statements

	2013 R	Restated 2012 R

Financial assets at fair value

Fair values of financial assets measured or disclosed at fair value

Class 1 - Unlisted Shares The shares were valued using quoted market prices.	16,782	14,048

Fair value hierarchy of financial assets at fair value

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).

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

Level 1		
Class 1 - Unlisted shares	16,782	14,048

Renegotiated terms

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

Notes to the Financial Statements

	2013 R	Restated 2012 R
Financial assets at amortised cost		
Reconciliation of provision for impairment of financial assets at amortised cost		
Impairment for vehicle loans		
Opening balance	956,114	950,522
Provision for impairment	-	5,592
Unused amounts reversed	(55,643)	-
	900,471	**956,114**
Impairment of study loans		
Opening balance	48,509	49,599
Unused amounts reversed	(3)	(1,090)
	48,506	**48,509**
Impairment for erven loans		
Opening balance	9,323,863	9,376,161
Unused amounts reversed	(233,111)	(52,298)
	9,090,752	**9,323,863**
Impairment for housing selling scheme loans		
Opening balance	45,179,178	45,861,900
Unused amounts reversed	-	(682,722)
Provision for impairment	2,001,776	-
	47,180,954	**45,179,178**

Some comparitive figures have been restated as allowed by GRAP 104.

Details of financial assets at amortised cost:

Vehicle loans
Permanent staff obtained loans at 8.5% interest per annum repayable over a period of 3 to 6 years. These loans are repayble on a monthly basis by way of salary deductions. The loans are being phased out and no new loans are granted, as per section 164 (1)(c) of the MFMA. Other staff loans bear interest of prime plus 1% and are repayable over a period of 3 to 6 years.

Study loans
Staff members qualified for interest free study loans under the approved study scheme of the entity. These loans are repayable on a monthly basis by way of salary deductions. The loans are being phased out and no new loans are granted, as per section 164 (1)(c) of the MFMA.

Erven loans
Loans were granted to the public for the sale of erven and are repayable on a monthly basis over a maximum period of 5 years, at an interest rate of 1% above the bank rate of the entity. These loans are repayable on a monthly basis and no further loans are granted.

Housing selling scheme loans
Loans were granted to qualifying individuals and public organisations in terms of the housing program. These loans attract interest of between 6% and 14% per annum and are repayable on a monthly basis by way of salary deductions for officials and six monthly payments for public organisations over a period of 20 years.

	2013 R	Restated 2012 R

5. Other receivables from exchange transactions

Interest on investments	633,037	61,694
Staff leave day's receivable	72,632	72,632
Sundry receivables	89,887,889	65,029,019
Sundry receivables - impairment	(40,260,398)	(36,937,970)
	50,333,160	**28,225,375**

Other receivables pledged as security

None of the receivables were pledged as security for any financial liability.

Credit quality of other receivables

The credit quality of other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings or to historical information about counterparty default rates.

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 2 months past due are not considered to be impaired. At 30 June 2013, R 5,818,897 (2012: R 4,624,415) were past due but not impaired.

1 month past due	982,148	788,895
2 months past due	840,800	695,617
3 months past due	3,995,949	3,139,903

Trade and other receivables impaired

As of 30 June 2013, trade and other receivables of R 40,260,398 (2012: R 36,937,970) were impaired and provided for.

The amount of the provision was R (40,260,398) as of 30 June 2013 (2012: R (36,937,970)).

The ageing of these loans is as follows:

2 months	13,562	-
Over 3 months	40,246,836	36,937,970

Reconciliation of provision for impairment of other receivables

Opening balance	36,937,970	33,902,241
Impairment for the year	3,328,617	3,035,729
Amounts written off as uncollectable	(6,189)	-
	40,260,398	**36,937,970**

Sundry receivables consist out of debtors raised from other income recognised (refer to note 33)

Notes to the Financial Statements

	2013 R	Restated 2012 R

6. Consumer receivables from non-exchange transactions

	2013 R	2012 R
Gross balances		
Rates	436,569,652	378,880,397
Rates - Impairment	(322,537,417)	(272,433,076)
	114,032,235	**106,447,321**
Rates - Ageing		
Current (0 - 30 days)	37,382,051	33,748,293
31 - 60 days	16,938,188	17,812,923
61 - 90 days	13,818,663	13,603,606
91 Days +	368,430,750	313,715,575
Total	**436,569,652**	**378,880,397**
Summary of rates debtors by classification		
Residential and sundry		
Current (0 - 30 days)	17,359,485	16,123,333
31 - 60 days	7,729,446	7,869,751
61 - 90 days	6,408,897	6,301,438
91 days +	234,028,700	204,572,762
	265,526,528	234,867,284
Less: Impairment	(226,337,816)	(168,880,780)
Total	**39,188,712**	**65,986,504**
Business/commercial		
Current (0 - 30 days)	17,035,529	14,830,470
31 - 60 days	8,104,771	8,487,325
61 - 90 days	6,425,205	6,280,890
91 days +	115,591,637	88,539,618
	147,157,142	118,138,303
Less: Impairment	(96,199,601)	(92,181,630)
Total	**50,957,541**	**25,956,673**
Government		
Current (0 - 30 days)	2,987,037	2,794,489
31 - 60 days	1,103,971	1,455,847
61 - 90 days	984,561	1,021,278
91+ days	18,810,413	20,603,195
	23,885,982	25,874,809
Less: Impairment	-	(11,370,666)
Total	**23,885,982**	**14,504,143**

Consumer receivables from non-exchange transactions pledged as security

None of the debtors from non-exchange transactions were pledged as security for any financial liability.

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

Other receivables from non-exchange transactions which are less than 2 months past due are not considered to be impaired. At 30 June 2013, R 76,650,184 (2012: R 72,699,028) were past due but not impaired.

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

	2013 R	2012 R
1 month past due	16,938,188	17,812,923
2 months past due	13,802,958	13,721,163
3 months past due	45,909,038	41,164,942

Notes to the Financial Statements

	2013 R	Restated 2012 R

6. Consumer receivables from non-exchange transactions (continued)

Consumer receivables from non-exchange transactions impaired

As of 30 June 2013, other receivables from non-exchange transactions of R 322,537,417 (2012: R 272,433,076) were impaired and provided for.

The amount of the provision was R 322,537,417 as of 30 June 2013 (2012: R 272,433,076).

The ageing of these loans is as follows:

	2013 R	Restated 2012 R
2 months	15,705	-
Over 3 months	322,521,712	272,433,076

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

	2013 R	Restated 2012 R
Opening balance	272,433,076	237,398,622
Provision for impairment	56,224,889	35,034,454
Amounts written off as uncollectible	(6,120,548)	-
	322,537,417	**272,433,076**

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The municipality does not hold any collateral as security.

Comparative information has been restated as allowed GRAP 104.

7. Consumer receivables from exchange transactions

	2013 R	Restated 2012 R
Gross balances		
Water	912,838,480	726,633,045
Sewerage	212,899,293	187,583,383
Refuse	26,588,015	-
Housing rental	24,536,812	21,868,953
Unallocated deposits	220,252	(814,627)
	1,177,082,852	**935,270,754**
Less: Allowance for impairment		
Water	(683,568,562)	(535,611,296)
Sewerage	(158,412,813)	(141,777,633)
Refuse	(12,536,282)	-
Housing rental	(23,386,871)	(20,136,204)
	(877,904,528)	**(697,525,133)**
Net balance		
Water	229,269,918	191,021,749
Sewerage	54,486,480	45,805,750
Refuse	14,051,733	-
Housing rental	1,149,941	1,732,749
Unallocated deposits	220,252	(814,627)
	299,178,324	**237,745,621**

Notes to the Financial Statements

7. Consumer receivables from exchange transactions (continued)

	2013 R	Restated 2012 R
Water - ageing		
Current (0 -30 days)	67,316,463	60,592,372
31 - 60 days	47,592,255	34,088,360
61 - 90 days	41,090,338	29,397,147
90+ days	744,836,569	589,184,214
Meter reading estimate at year end	12,002,855	13,370,952
	912,838,480	**726,633,045**
Sewerage - ageing		
Current (0 -30 days)	14,099,848	14,724,478
31 - 60 days	7,675,062	7,792,402
61 - 90 days	6,275,852	6,132,672
90+ days	184,848,531	158,933,831
	212,899,293	**187,583,383**
Refuse - ageing		
Current (0 -30 days)	5,172,154	-
31 - 60 days	2,846,379	-
61 - 90 days	2,429,250	-
90+ days	16,140,232	-
	26,588,015	**-**
Housing rental - ageing		
Current (0 -30 days)	315,270	287,482
31 - 60 days	308,616	286,605
61 - 90 days	303,882	278,817
90+ days	23,609,044	21,016,049
	24,536,812	**21,868,953**
Unallocated deposits - ageing		
90+ days	220,252	(814,627)

	2013 R	Restated 2012 R

7. Consumer receivables from exchange transactions (continued)

Summary of debtors by customer classification

	2013 R	Restated 2012 R
Residential and sundry		
Current (0 -30 days)	65,848,176	54,277,015
31 - 60 days	46,748,846	32,172,361
61 - 90 days	38,514,615	29,127,513
90+ days	886,006,101	710,790,626
	1,037,117,738	826,367,515
Less: Allowance for impairment	(800,866,545)	(607,199,017)
	236,251,193	**219,168,498**
Business/Commercial and municipal		
Current (0 -30 days)	21,029,033	14,995,417
31 - 60 days	8,908,667	6,749,418
61 - 90 days	9,354,633	4,560,252
90+ days	78,741,673	55,406,724
	118,034,006	81,711,811
Less: Allowance for impairment	(77,037,983)	(53,968,529)
	40,996,023	**27,743,282**
Government		
Current (0 -30 days)	9,734,410	8,721,156
31 - 60 days	3,746,946	4,034,487
61 - 90 days	3,084,437	2,881,982
90+ days	49,912,111	43,968,612
	66,477,904	59,606,237
Less: Allowance for impairment	-	(36,357,588)
	66,477,904	**23,248,649**
Total		
Current (0 -30 days)	96,611,618	77,993,588
31 - 60 days	59,404,460	42,956,265
61 - 90 days	50,953,685	36,569,746
91 - 120 days	1,014,659,885	810,165,962
Water meter reading estimate	12,002,855	13,370,952
	1,233,632,503	981,056,513
Less: Provision for debt impairment	(877,904,528)	(697,525,134)
Add: Unallocated deposits	220,252	(814,627)
Add: Electricity	(13,611)	(11,709)
Transferred to current portion of non-current receivables	(969,112)	(1,007,964)
Transferred to other financial assets	(55,787,178)	(43,951,458)
	299,178,326	**237,745,621**
Less: Provision for debt impairment		
Provision for debt impairment	(877,904,528)	(697,525,133)

Notes to the Financial Statements

	2013 R	Restated 2012 R

7. Consumer receivables from exchange transactions (continued)

Reconciliation of allowance for impairment		
Balance at beginning of the year	(697,525,133)	(512,612,559)
Contributions to allowance	(249,942,808)	(184,912,574)
Debt impairment written off against allowance	69,563,413	-
	(877,904,528)	**(697,525,133)**

Consumer debtors pledged as security

None of the debtors were pledged as security for any financial liability.

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

Consumer debtors are only due after 30 days. Interest shall be paid on accounts which have not been paid within thirty days from the date on which the account became due, at an rate of 1% higher than the prime rate for the period.

Fair value of consumer debtors

The fair value of the consumer receivables approximates its carrying value.

Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2013, R 260,484,455 (2012: R 149,584,963) were past due but not impaired.

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

1 month past due	59,404,460	42,167,367
2 months past due	50,404,191	31,655,748
3 months and over past due	150,675,804	75,761,848

Consumer debtors impaired

As of 30 June 2013, consumer debtors of R 877,904,528 (2012: R 697,525,133) were impaired and provided for.

The ageing of these accounts is as follows:

2 months	549,494	-
Over 3 months	877,355,034	697,525,133

Comparative information has been restated as allowed GRAP 104.

During the current financial year, the entity started billing for refuse seperately. Previously refuse was billed as part of sewerage. Therefore no comparative figures is available for refuse.

Notes to the Financial Statements

		2013 R	Restated 2012 R

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2013 R	Restated 2012 R
Cash on hand	105,949	54,869
Bank balances	53,197,828	48,424,477
Short term deposits	204,062,484	130,497,505
	257,366,261	**178,976,851**

An unlimited surety is provided by provincial government, National Treasury and the Development Bank of South Africa. The total overdraft facility available to the Mangaung Metropolitan Municipality is R 54,000,000.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings, if available.

Credit rating		
F1+	257,260,312	178,921,982

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for the COID reserve	29	11,457,126	11,764,522

The term deposit investment is pledged as security to the Compensation Commissioner of the Workmen's Compensation Fund to guarantee the payment of claims in respect of injuries while on duty.

Total financial assets pledged as collateral for contingent liabilities	11,457,126	11,764,522

The entity had the following bank accounts

Account number and description	Bank statement balances			Cash book balances		
	30 June 2013	30 June 2012	30 June 2011	30 June 2013	30 June 2012	30 June 2011
ABSA - Primary account - 470 000 465	46,586,845	42,086,668	25,572,621	48,690,127	44,408,057	28,426,476
ABSA - Fresh produce market - 470 001 348	3,833,927	2,418,766	2,697,541	3,833,927	2,418,766	2,697,541
ABSA - Direct deposits banktel - 470 001 380	-	-	-	673,774	1,597,654	1,601,971
Total	**50,420,772**	**44,505,434**	**28,270,162**	**53,197,828**	**48,424,477**	**32,725,988**

9. Investment property

	2013			2012		
	Valuation		**Carrying value**	**Valuation**		**Carrying value**
Investment property	2,796,282,240	-	2,796,282,240	2,794,846,119	-	2,794,846,119

Reconciliation of investment property - 2013

	Opening balance	Additions	Total
Investment property	2,794,795,627	1,486,613	2,796,282,240

Reconciliation of investment property - 2012

	Opening balance	Additions	Disposals	Total
Investment property	2,481,380,992	313,465,127	(50,492)	2,794,795,627

Pledged as security

None of the properties were pledged as security for any financial liability.

It was impractical to disclose the expenditure incurred relating to the Investment Property.

There are no contractual obligations in respect of the Investment Property.

Details of valuation

Investment property were valued by an independent valuator on 30 June 2012.

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

Notes to the Financial Statements

	2013 R	Restated 2012 R

10. Property, plant and equipment

	2013			2012		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Land	1,110,783,391	(290,510,691)	820,272,700	1,011,348,371	(273,594,477)	737,753,894
Buildings	999,545,606	(71,283,286)	928,262,320	862,161,046	(50,303,742)	811,857,304
Other assets	355,614,880	(97,550,643)	258,064,237	328,576,592	(76,764,614)	251,811,978
Community assets	433,646,682	(120,132,437)	313,514,245	393,193,761	(100,237,764)	292,955,997
Infrastructure	6,022,073,537	(1,248,873,948)	4,773,199,589	5,562,944,773	(1,053,297,491)	4,509,647,282
Total	**8,921,664,096**	**(1,828,351,005)**	**7,093,313,091**	**8,158,224,543**	**(1,554,198,088)**	**6,604,026,455**

Notes to the Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Work in progress Additions	Transfers	Revaluations	Depreciation	Net Book Value
Land	737,753,894	-	(5,615,402)	34,743,213	-	70,307,209	(16,916,214)	820,272,700
Other assets	251,811,978	26,598,339	(658,518)	1,126,720	-	-	(20,814,282)	258,064,237
Buildings	811,857,304	50,702,269	-	69,025,030	(44,159,970)	61,817,232	(20,979,545)	928,262,320
Community assets	292,955,997	12,295,094	(9,281)	33,946,295	(5,757,112)	-	(19,916,748)	313,514,245
Infrastructure	4,509,647,282	7,353,840	-	552,943,907	(101,168,983)	-	(195,576,457)	4,773,199,589
	6,604,026,455	**96,949,542**	**(6,283,201)**	**691,785,165**	**(151,086,065)**	**132,124,441**	**(274,203,246)**	**7,093,313,091**

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Additions through entity combinations	Disposals	Work in progress Additions	Transfers	Revaluations	Depreciation	Depreciation on sale	Net Book Value
Land	745,036,492	-	-	(3,000)	-	-	9,636,616	(16,916,214)	-	737,753,894
Buildings	789,321,722	347,044,992	7,150,000	-	19,478,891	(348,068,209)	8,245,609	(11,315,701)	-	811,857,304
Other assets	238,320,421	31,187,181	-	(464,790)	482,395	(482,395)	(339,871)	(17,238,911)	347,948	251,811,978
Community assets	287,541,785	5,448,906	-	-	20,444,371	(90,353)	-	(20,388,712)	-	292,955,997
Infrastructure	4,424,975,031	30,095,361	-	-	269,924,096	(11,787,070)	-	(203,560,136)	-	4,509,647,282
	6,485,195,451	**413,776,440**	**7,150,000**	**(467,790)**	**310,329,753**	**(360,428,027)**	**17,542,354**	**(269,419,674)**	**347,948**	**6,604,026,455**

Assets subject to finance lease (Net carrying amount)

Office Equipment - Copiers	7,799,474	2,347,822
Cellular Data Services	-	56,345
Cellular Phones	-	176,666
	7,799,474	**2,580,833**

Reconciliation of Work-in-Progress 2013

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	445,889,016	20,894,370	482,395	467,265,781
Additions/capital expenditure	451,697,657	28,189,183	1,126,720	481,013,560
Correction as per the prior year registers	(37,825,153)	(90,353)	(482,395)	(38,397,901)
	859,761,520	**48,993,200**	**1,126,720**	**909,881,440**

	2013 R	Restated 2012 R

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2012

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	168,512,023	450,000	-	168,962,023
Additions/capital expenditure	277,376,993	20,444,371	482,395	298,303,759
	445,889,016	**20,894,371**	**482,395**	**467,265,782**

Refer to Appendix B for more details.

Deemed cost

Deemed cost was determined using depreciated replacement cost.

11. Intangible assets

	2013			2012		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, purchased	11,397,776	(2,500,983)	8,896,793	9,732,947	(2,181,897)	7,551,050

Reconciliation of intangible assets - 2013

	Opening balance	Additions	Work in Progress additions	Amortisation	Total
Computer software, purchased	7,551,050	6,529	1,658,300	(319,086)	8,896,793

Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software, purchased	7,515,797	363,327	(328,074)	7,551,050

Pledged as security

No intangible asset was pledged as security for any financial liability.

12. Heritage assets

	2013			2012		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Heritage assets	297,230,438	-	297,230,438	83,387,691	-	83,387,691

	2013	Restated 2012
	R	R

12. Heritage assets (continued)

Reconciliation of heritage assets 2013

	Opening balance	Additions	Additions to Work in Progress	Revaluation increase/(decrease)	Total
Heritage assets	83,387,691	3,892,105	10,601,508	199,349,134	297,230,438

Reconciliation of heritage assets 2012

	Opening balance	Disposals	Total
Heritage assets	85,542,624	(2,154,933)	83,387,691

Pledged as security

None of the assets were pledged as security for any financial liability.

Revaluations

Methods and assumptions used in determining fair value

The fair value of these assets were determined by an independent valuator as at 30 June 2012.

The numbers of the Kwaggafontein Reserve animals were determined via an aerial game count, while the numbers of the Naval Hill Reserve animals were determined via on foot head count. For the Kwaggafontein Game Reserve and the Naval Hill Reserve the valuation figures are based on the 2011 game auction's averages. These figures does not allow for the possibility of trophy's that might be present even though the aerial game count, done by professionals in this industry, does not show a high possibility of trophies being present.
A number of Zoo animals were verified through physical inspection of the animals and the valuation of the Zoo animals considered the following:
- Inbreeding , the genes, whether animals are sterilized, age of the animal, common availability of the animal type, novelty values where no market price exist e.g. Some of the snakes and animals hand-raised versus tame. During the valuation of the snakes their temperament was also taken into account.
- The birds of prey at the Zoo are kept for rehabilitation and therefore no value was placed on this, as it has a novelty attraction only.

The valuation of the orchids were done by physically inspecting the plants and verifying the amounts as stated on the stock sheets of the entity's Greenhouse and in the Orchid House.
There are no contractual commitments for the acquisition, maintenance and restoration of heritage assets at year end.

There are no heritage assets used for more than one purpose.
Revaluations were done on 30 June 2011 based on the market price for such assets by an independent valuator. The condition of the asset, the age and where applicable the breeding of the asset were all considered in determining the fair values.

	2013 R	Restated 2012 R

13. Investments

Name of entity	Held by	% holding 2013	% holding 2012	Carrying amount 2013	Carrying amount 2012
Centlec (SOC) Limited	Mangaung Metropolitan Municipality	100 %	100 %	100	100
				100	**100**

The carrying amounts of controlled entities are shown net of impairment losses.

A company, Centlec (SOC) Limited, of which Mangaung Metropolitan Municipality is the sole shareholder, was formed to take over all activities in respect of the supply of electricity for their own account.

14. Centlec Receivables

	2013 R	2012 R
At amortised cost		
Centlec Advances	122,642,380	136,089,716
Centlec Shareholders Loan	2,357,548,437	2,014,746,711
	2,480,190,817	**2,150,836,427**

Centlec (SOC) Limited Advances
The amount is composed of various advances that have been borrowed to Centlec (SOC) Limited by the entity during the past eight years. Each portion has a different redemption period that extends over the useful life of each specific asset, at an interest rate of 9%.

Centlec (SOC) Limited Shareholders Loan
From 30 June 2010, the shareholders loan contract has been ammended to determine interest as the lower of 15% of Centlec (SOC) Limited prior year's revenue or the interest rate used as on 30 June 2010 (i.e. 8.17%), adjusted for CPI as per the Public Finance Sector. The applicable rate for the previous year was 15% of Centlec (SOC) Limited prior year's revenue and in the current year 10.94% was applied on the outstanding loan balance. The loan is repayable from 2015 over a period of 21 years.

	2013 R	2012 R
Non-current assets	2,467,423,945	2,137,389,091
Current assets	12,766,872	13,447,336
	2,480,190,817	**2,150,836,427**

	2013 R	Restated 2012 R

15. Other financial liabilities

	2013 R	Restated 2012 R
Other liabilities		
Service concession liability	157,210,743	89,285,131

The entity has entered into an agreement with the Free State Social Housing Company (FRESHCO), a section 21 company, whereby FRESHCO will maintain and refurbish 351 municipal flats situated in a suburb called Brandwag in Bloemfontein from 1 February 2010 to 31 January 2033. In terms of the agreement, FRESHCO will utilise a portion of the rental income earned from renting out these properties to maintain and refurbish these flats. The amount is recognised as revenue over the period of the agreement upon completion of the assets.

	2013 R	Restated 2012 R
At amortised cost		
DBSA Bloemfontein - Sewer 8001/104	3,310,354	4,423,907
DBSA Bloemfontein - Water 8001/104	3,023,256	4,040,498
DBSA - FS1034/02	47,098,464	42,761,225
DBSA - FS1034/01	125,653,575	10,861,564
	179,085,649	**62,087,194**
Total other financial liabilities	**336,296,392**	**151,372,325**

These loans are from The Development Bank of South Africa and repayments are made either monthly or on a six monthly basis. The final loan will be redeemed at 30 March 2026 and the loans bear interest between 6% and 14%.

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.

	2013 R	Restated 2012 R
Non-current liabilities		
Other liabilities	157,210,743	89,285,131
At amortised cost	169,537,182	57,685,520
	326,747,925	**146,970,651**
Current liabilities		
At amortised cost	9,548,467	4,401,674

Notes to the Financial Statements

	2013 R	Restated 2012 R

16. Finance lease liability

Minimum lease payments due		
- within one year	4,322,863	2,845,995
- in second to fifth year inclusive	3,484,633	3,198,342
	7,807,496	6,044,337
Less: Future finance charges	(651,602)	(576,437)
Present value of minimum lease payments	**7,155,894**	**5,467,900**
Present value of minimum lease payments due		
- within one year	3,854,724	2,477,556
- in second to fifth year inclusive	3,301,170	2,990,344
	7,155,894	**5,467,900**
Non-current finance lease liabilities	3,301,170	2,990,344
Current portion of finance lease liabilities	3,854,724	2,477,556
	7,155,894	**5,467,900**

The entity leases various equipment and 3-G cards under finance leases. The maximum lease term is between 2 to 5 years and the average borrowing rate is between 9% and 15%. Leases are renewed automatically upon expiry, unless otherwise instructed by the entity.

No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

The entity did not default on any of the finance lease obligations, whether it be on the capital or the interest portion.

None of the terms attached to the existing finance lease obligations were renegotiated.

17. Payables from exchange transactions

Accrued leave pay	47,584,625	52,936,389
Deferred interest	7,580,724	7,311,614
Deferred Lease Expenditure	4,638,632	6,081,421
Other payables	1,566,577	1,566,577
Other payables - Grants	29,042,017	49,649,399
Payments received in advance	159,104,071	99,423,194
Retentions	56,248,193	34,584,226
Salaries Payable	11,324,442	-
Staff bonuses - 13 th cheque accrual	18,100,298	17,623,306
Pending claims - Unfair dismissals	6,608,171	6,608,171
Trade payables	297,874,158	302,830,315
	639,671,908	**578,614,612**

Included in Payments Received in Advance for the current financial year is an amount of R10,150,443 (2012: R17,960,582) for unallocated deposits.

The entity defaulted on the payment of suppliers within 30 days. The average term of payment of suppliers for the current year was 60 days (2012: 60 days).

The terms were not renegotiated before the financial statements were authorised for issue.

Notes to the Financial Statements

	2013 R	Restated 2012 R

18. Payables from non-exchange transactions

	2013 R	Restated 2012 R
Deposits	458,123	447,326
Other payables	3,232,066	2,097,484
	3,690,189	**2,544,810**

19. Financial instruments disclosure

Categories of financial instruments

2013

Financial assets

	At fair value	At amortised cost	Total
Consumer Receivables	-	413,210,559	413,210,559
Non-current Receivables	16,782	9,944,784	9,961,566
Other receivables from exchange transactions	-	50,333,160	50,333,160
Centlec Receivables	-	2,480,190,817	2,480,190,817
Cash and cash equivalents	-	257,366,261	257,366,261
	16,782	**3,211,045,581**	**3,211,062,363**

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	639,671,908	639,671,908
Consumer deposits	27,676,875	-	27,676,875
Centlec Payables	-	956,074,557	956,074,557
Non-current borrowings	-	179,085,649	179,085,649
Payables from non-exchange transactions	-	3,690,189	3,690,189
VAT payable	-	88,272,232	88,272,232
	27,676,875	**1,866,794,535**	**1,894,471,410**

2012

Financial assets

	At fair value	At amortised cost	Total
Consumer Receivables	-	344,192,942	344,192,942
Non-current Receivables	14,048	11,599,631	11,613,679
Other receivables from exchange transactions	-	28,225,375	28,225,375
Centlec Non-current Receivables	-	2,150,836,427	2,150,836,427
Cash and cash equivalents	-	178,976,851	178,976,851
	14,048	**2,713,831,226**	**2,713,845,274**

	2013 R	Restated 2012 R

Financial liabilities

	At fair value	At amortised cost	Total
Payables from exchange transactions	-	578,614,612	578,614,612
Consumer deposits	26,901,926	-	26,901,926
Centlec Payables	-	984,405,296	984,405,296
Non-current borrowings	-	62,087,194	62,087,194
Payables from non-exchange transactions	-	2,544,810	2,544,810
VAT payable	-	49,765,983	49,765,983
	26,901,926	**1,677,417,895**	**1,704,319,821**

Reclassification

2013

Combined instruments

Some items have been reclassified as allowed by GRAP 104.

Due to the redundancy of the available-for-sale category from the application of GRAP 104, the OVK Limited shares investment was reclassified to designated at Fair Value. Directive 3 was applied and in accordance thereof the cumulative balance of any gains previously recognised outside of surplus shall be adjusted against accumulated surplus and comparitive amounts restated. Please refer to notes 27 & 35 for impact of reclassification.

20. Consumer deposits

	2013	2012
Water	27,676,875	26,901,926

Guarantees in lieu of consumer deposits amounted to R 1,749,800 (2012: R 2,356,728).

Fair value approximates the carrying value of Consumer deposits.

	2013 R	Restated 2012 R

21. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Provincial Administration Grant Stadiums	6,638,800	6,638,800
DBSA - Capacity building programme grant	234,104	234,104
DWAF - Water conservation Grant	455,016	-
Financial management grant	-	472,777
Local government and housing grant - Infrastructure Graslands area	3,965,043	3,965,043
Motheo - Contribution environmental health grant	9,813,076	9,813,076
Department of Water affairs - ACIP	6,000,000	-
Municipal accreditation project funding - Housing grant	6,454,779	6,507,821
Municipal infrastructure grant	-	282,469
Municipal systems improvement grant	-	831,151
Provincial grant - Upgrading roads in Batho	81,216	5,688,069
Provincial grant - CCTV	-	1,858,068
Provincial grant - Du Plessis Muller intersection	-	554,640
Provincial grant - Grassland area	4,500,000	4,500,000
Provincial grant - Hlasela project - Batho car wash	60,000	150,000
Provincial grant - Hlasela project - Iphahamilseng centre	3,703	3,703
Provincial grant - Hlasela project - Re Ba I Kemetseng Bomme	-	100,000
Provincial grant - Planning and surveying	493,144	493,144
Provincial grant - Township establishment - Caleb Motshabi	135,964	135,964
Provincial grant - Upgrade housing in Batho	1,749,275	1,749,275
Public transport infrastructure and systems fund grant	23,661,544	56,632,691
Expanded Public Works Progressive Incentive Grant	4,061,307	-
Urban renewal grant	280,553	280,553
Urban settlement development grant	129,450,242	115,715,078
	198,037,766	**216,606,426**

The amounts will be recognised as revenue when conditions have been met.

22. VAT payable

VAT payable	88,272,232	49,765,983

VAT is payable on the receipts basis. VAT is paid over to the South African Revenue Service (SARS) only once payment is received from debtors.

23. Defined benefit plan obligation

Defined benefit plan

The defined benefit plans disclosed below are represented by the medical aid for retired employees and pension payments who were in the service of the Council on or before 1 October 1981, as well as a pension to retired employees based on certain criteria to be met, set in the Entity Conditions of Service. Also included in the obligation is the liability arising from the long service leave awarded to qualifying in-service employees.

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

Carrying value		
Present value of the unfunded defined benefit obligation	452,964,000	344,111,000

These liabilities are not a funded arrangement, i.e. no separate assets have been set aside currently to meet these liabilities.

	2013 R	Restated 2012 R

23. Defined benefit plan obligation (continued)

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

	2013 R	Restated 2012 R
Opening balance	344,111,000	442,311,000
Interest cost	30,793,000	40,173,000
Current service cost	18,544,000	19,047,000
Benefits paid (Expected)	(14,824,000)	(14,062,000)
Actuarial (Gain)/Loss	74,340,000	(143,358,000)
	452,964,000	**344,111,000**

2011	Pension Fund	Medical Aid	Long Service Award	Total
Defined Benefit obligation as at 30 June 2010	2,693,000	348,226,000	43,222,000	394,141,000
Interest costs	236,000	34,821,000	2,948,000	38,005,000
Current service costs	-	21,278,000	4,230,000	25,508,000
Benefits paid (expected)	(478,000)	(5,995,000)	(3,902,000)	(10,375,000)
Actuarial (Gains)/Losses	4,263,000	(14,372,000)	5,141,000	(4,968,000)
Defined benefit obligation as at 30 June 2011	6,714,000	383,958,000	51,639,000	442,311,000

2012	Pension Fund	Medical Aid	Long Service Award	Total
Defined Benefit obligation as at 30 June 2011	6,714,000	383,958,000	51,639,000	442,311,000
Interest costs	555,000	35,100,000	4,744,000	40,399,000
Current service costs	61,000	14,242,000	4,518,000	18,821,000
Benefits paid (expected)	(367,000)	(6,569,000)	(7,126,000)	(14,062,000)
Actuarial (Gains)/Losses	(1,769,000)	(146,180,000)	4,591,000	(143,358,000)
Defined Benefit obligation as at 30 June 2012	5,194,000	280,551,000	58,366,000	344,111,000

2013	Pension Fund	Medical Aid	Long Service Award	Total
2013	Pension Fund	Medical Aid	Long Service Award	Total
Interest costs	407,000	25,797,000	4,589,000	30,793,000
Current service costs	47,000	12,922,000	5,575,000	18,544,000
Benefits paid (expected)	(452,000)	(6,912,000)	(7,460,000)	(14,824,000)
Actuarial (Gains)/Losses	797,000	60,044,000	13,499,000	74,340,000
Defined Benefit obligation as at 30 June 2013	799,000	91,851,000	16,203,000	108,853,000

It was not practical to disclose the obligation for the four year period as required by IAS 19 due to the fact that the long term employee benefits was previously recognised as a defined contribution plan. A valuation was therefore not performed for those periods.

	2013 R	Restated 2012 R

23. Defined benefit plan obligation (continued)

Key assumptions used

Assumptions used on the last valuation - 30 June 2013:

Discount rates used - healthcare	9.20 %	9.10 %
Discount rates used - gratuity	8.10 %	8.55 %
Expected increase in healthcare costs	8.10 %	7.85 %
Expected increase in salaries	8.10 %	7.50 %
Expected increases in pension	6.10 %	5.70 %
Inflation rate	6.10 %	5.50 %
Medical cost trend rates	7.00 %	7.00 %
Membership discontinued at retirement or death-in-service	10.00 %	10.00 %
Expected retirement age	63 years	63 years

Assumed healthcare cost trends have a significant effect on the amounts recognised in surplus for the year. The value of the liability could also be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted. Other assumptions were held constant.

Inflation sensitivities

Assumed healthcare, gratuity and long service cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	**One percentage point decrease**
Effect on defined benefit obligation	(77,357,000)	(60,370,000)
Effect on the aggregate of the service cost	(4,890,000)	(3,660,000)
Effect on the aggregate of the interest cost	(7,338,000)	(5,719,000)

Amounts for the current and previous years are as follows:

	2013 R	**2012 R**	**2011 R**
Defined benefit obligation	(452,964,000)	(344,111,000)	(442,310,000)
Experience adjustments on plan liabilities	(33,625,000)	(8,418,000)	25,607,000

The entity obtained an actuarial valuation for the first time on the defined benefit obligations plans on 30 June 2009.

	2013 R	Restated 2012 R

24. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Reassesment	Total
Rehabilitation of landfill sites	152,346,300	9,294,105	161,640,405
Rehabilitation of quarry sites	258,085,200	14,781,814	272,867,014
	410,431,500	**24,075,919**	**434,507,419**

Reconciliation of provisions - 2012

	Opening Balance	Reassesment	Total
Rehabilitation of landfill sites	124,492,133	27,854,167	152,346,300
Rehabilitation of quarry sites	256,246,283	1,838,917	258,085,200
	380,738,416	**29,693,084**	**410,431,500**

Rehabilitation of landfill sites

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2013 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the landfill sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789%% for the circumstances of the entity.

Landfills consist of:	**Restoration Dates**
Botshabelo Landfill Site	2022
Northern Landfill Site	2035
Southern Landfill Site	2060

The final restoration of landfill sites are expected to be in the year listed above, being the estimated useful lives of landfill sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

	2013 R	Restated 2012 R

24. Provisions (continued)

Rehabilitation of quarry sites

The provision for rehabilitation of quarry sites relates to the legal obligation to rehabilitate quarry sites to a condition whereby it complies to the permit requirements issued in terms of the Mineral and Petroleum Resources Development Act, (Act, 28 of 2002). The provision was determined by an independent expert for the rehabilitation cost in 2013 and then approximated the expected future cash flows using reasonable estimation techniques. The discount rate used for all the quarry sites is based on a CPA rate that matures as close as possible to the future date of the rehabilitation, the rate is 4.789%% for the circumstances of the entity.

Quarries consist of:		**Restoration Dates**
Bloemfontein	Cecilia	2018
	Sunnyside	2018
Botshabelo	K-Section	2013
	F1-Section	2013
	F2.1 Section	2013
	F2.2 Section	2013
	W Section	2013
	S Section	2013
	B Section	2013
Thaba Nchu	Seroala	2013
	Thubisi	2013
	Putsane	2013
	Merino	2013
	Rhakoi	2013
	Sediba	2013
	Rooibult	2013
	Kgalala	2013

The final restoration of quarry sites are expected to be in the year listed above, being the estimated useful lives of quarry sites. No uncertainties were listed in the engineer's report. The certainty and the timing of the outflow of these liabilities are uncertain and the amounts disclosed are the possible outflow amounts.

25. Housing development fund reserve

	2013 R	Restated 2012 R
Opening balance	-	3,650,426
Transfers	-	(3,650,426)
	-	**-**

The housing development fund is represented by the following assets and liabilities

	2013 R	Restated 2012 R
Housing rental receivables	1,732,749	2,368,981
Surplus / (deficit) over reserve fund	(1,732,749)	(2,368,981)

The housing development fund was established in terms of the Housing Act of 1997. Loans from national and provincial government used to finance housing selling schemes undertaken by the entity were extinguished on 1 April 1998 and transferred to a housing development fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the housing development fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the fund. Monies standing to the credit of the fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Comparitive figures have been restated.

Notes to the Financial Statements

	2013 R	Restated 2012 R

26. Revaluation reserve

Opening balance	182,349,412	669,772,371
Contributions	333,418,671	3,513,945
Prior year adjustments	-	(490,936,904)
Realisation of revaluation reserve	(4,701,508)	-
Closing balance	**511,066,575**	**182,349,412**

27. Mark-to-market reserve

Financial instruments designated at fair value	-	9,333
Reclassification from available-for-sale to fair value financial instrument	-	(9,333)
	-	**-**

28. Self-insurance reserve

Opening balance	77,595,746	76,090,167
Contributions	-	1,708,607
Insurance claims processed	(9,380,260)	(203,028)
	68,215,486	**77,595,746**

29. COID reserve

Opening balance	11,764,522	10,996,660
Contributions	2,823,432	2,378,223
Insurance claims processed	(3,130,828)	(1,610,361)
	11,457,126	**11,764,522**

30. Centlec Payables

Centlec (SOC) Limited - Intercompany loan	956,074,557	984,405,296
	956,074,557	**984,405,296**

The intercompany loan balance is the net balance payable/receivable of all transactions between Centlec (SOC) Limited and the entity and interest is levied on the average balance for the year at the effective prime interest rate on the first day of the financial year. For the current and the previous financial year the applicable interest rate was 9%.

Notes to the Financial Statements

	2013 R	Restated 2012 R
31. Revenue		
Service charges	716,277,802	621,237,648
Fines	3,828,696	2,884,999
Government grants & subsidies	1,296,186,619	1,134,016,454
Income from agency services	106,046,017	102,247,441
Rental of facilities and equipment	17,877,976	10,476,378
Interest received	481,631,247	237,810,153
Licences and permits	431,225	350,660
Other income	102,307,787	40,587,847
Property rates	514,177,402	463,255,702
	3,238,764,771	**2,612,867,282**
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	716,277,802	621,237,648
Rental of facilities and equipment	17,877,976	10,476,378
Income from agency services	106,046,017	102,247,441
Licences and permits	431,225	350,660
	840,633,020	**734,312,127**
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	514,177,402	463,255,702
Transfer revenue		
Government grants & subsidies	1,296,186,619	1,134,016,454
Fines	3,828,696	2,884,999
	1,814,192,717	**1,600,157,155**
Other		
Interest received	481,631,247	237,810,153
Other income	102,307,787	40,587,847
	583,939,034	**278,398,000**

Notes to the Financial Statements

	2013 R	Restated 2012 R

32. Government grants and subsidies

Operating grants		
Equitable share	612,520,711	575,654,444
COGTA fire suppression grant	-	82,817
Provincial grant - Upgrading roads in Batho	5,606,853	20,735,298
Provincial grant - Township establishment - Caleb Motshabi	-	11,275
Provincial grant - CCTV	1,858,068	8,272,782
Financial management grant	1,960,154	1,462,623
Municipal accreditation project funding - Housing grant	53,042	549,455
Provincial grant - Re Ba Ikemetseng Bomme	100,000	-
Electricity demand side management grant	-	5,000,000
National electrification program grant	25,000,000	12,635,000
Motheo - tourism grant	-	10,750
Fuel levy grant	237,704,000	175,972,000
Provincial grant - Batho car wash	90,000	-
	884,892,828	800,386,444
Capital grants		
Provincial Administration Grant Stadiums	-	1,203,954
DBSA - Environmental Impact Assessment Grant	916,000	-
Expanded Public Works Program Incentive Grant	1,852,693	-
Department of Water Affairs Grant	9,539,984	-
Municipal infrastructure grant	-	62,689,011
Municipal systems improvement grant	831,151	-
Public transport infrastructure and systems fund grant	11,338,239	19,530,528
Moheo - Contribution environmental health grant	-	867,225
Local government and housing grant - White city hostels	-	42,308
Urban settlement development grant	386,261,084	248,037,732
Provincial grant - Du Plessis Muller intersection	554,640	-
Motheo District Municipality - Upgrading of Roads	-	1,259,252
	411,293,791	333,630,010
	1,296,186,619	**1,134,016,454**

Equitable Share

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

Current year receipts	612,520,711	575,654,444
Conditions met - transferred to revenue	(612,520,711)	(575,654,444)
	-	-

Electricity demand side management grant

Current-year receipts	-	5,000,000
Transferred to Centlec (SOC) Limited Creditors	-	(5,000,000)
	-	**-**

To implement the Electricity Demand Side Management (EDSM) programme by providing capital subsidies to licensed distributors to address EDSM in residential dwellings, communities and municipal buildings in order to mitigate the risk of load shedding and supply interruptions.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Financial management grant

Balance unspent at beginning of year	472,777	12,623
Current-year receipts	1,500,000	1,922,777
Conditions met - transferred to revenue	(1,960,154)	(1,462,623)
Surrendered to National Treasury	(12,623)	-
	-	**472,777**

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Municipal accreditation project funding - Housing grant

Balance unspent at beginning of year	6,507,821	3,422,276
Current-year receipts	-	3,635,000
Conditions met - transferred to revenue	(53,042)	(549,455)
	6,454,779	**6,507,821**

Conditions still to be met - remain liabilities (see note 21).

The grant is allocated to the entity to finance and support the entity accreditation project as well as capacity development.

Municipal systems improvement grant

Balance unspent at beginning of year	831,151	-
Current-year receipts	(701,754)	831,151
Conditions met - transferred to revenue	(129,397)	-
	-	**831,151**

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act, and related Legislation, policies and the local government turnaround strategy.

Notes to the Financial Statements

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Provincial Administration Grant Stadiums

Balance unspent at beginning of year	6,638,800	7,842,754
Conditions met - transferred to revenue	-	(1,203,954)
	6,638,800	**6,638,800**

Conditions still to be met - remain liabilities (see note 21).

The grant is allocated to the entity for the development and improvement of the sport stadium for the 2010 World Cup.

Provincial grant - Planning and surveying

Balance unspent at beginning of year	493,144	493,144

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to assist municipalities with the compilation of a town planning scheme to manage land development.

Motheo - Contribution environment health grant

Balance unspent at beginning of year	9,813,076	10,680,301
Conditions met - transferred to revenue	-	(867,225)
	9,813,076	**9,813,076**

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to assist municipalities with the rendering of environmental health services.

Municipal infrastructure grant

Balance unspent at beginning of year	282,469	62,931,480
Current-year receipts	-	40,000
Conditions met - transferred to revenue	-	(62,689,011)
Surrendered to National Treasury	(282,469)	-
	-	**282,469**

In terms of the MFMA Circular No.48, all conditional allocations (excluding interest earned thereon) that at year-end are not utilised must revert back to National Revenue Fund unless the relevant receiving officer can prove to the satisfaction of the National Treasury that the unspent allocation is committed to identifiable projects. The entity reports at year-end all unspent conditional grants were committed to identifiable projects.

The grant is used to supplement municipal capital budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households. The grants was used to construct roads and sewerage infrastructure as part of the upgrading of informal settlement areas.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Public transport infrastructure and systems fund grant

	2013 R	Restated 2012 R
Balance unspent at beginning of year	56,632,691	100,115,219
Current-year receipts	20,000,000	15,000,000
Conditions met - transferred to revenue	(11,338,239)	(19,530,528)
Withheld by National Treasury	-	(38,952,000)
Surrendered to National Treasury	(41,632,908)	-
	23,661,544	**56,632,691**

Conditions still to be met - remain liabilities (see note 21).

The grant is allocated to the entity to improve public transport infrastructure and systems, in accordance with the agreed project plans.

Environmental impact assessment grant

	2013 R	Restated 2012 R
Current-year receipts	916,000	-
Conditions met - transferred to revenue	(916,000)	-
	-	**-**

The purpose of the grant is to assist municipalities with the rendering of environmental health services.

Local government and housing - Grassland area

	2013 R	Restated 2012 R
Balance unspent at beginning of year	3,965,043	3,965,043

Conditions still to be met - remain liabilities (see note 21).

The grant is allocated for housing infrastructure projects for the Grassland area.

Local government and housing - White city hostels

	2013 R	Restated 2012 R
Balance unspent at beginning of year	-	42,308
Conditions met - transferred to revenue	-	(42,308)
	-	**-**

The grant is allocated for the upgrading of the White city hostels.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Urban renewal grant

Balance unspent at beginning of year	280,553	280,553

Conditions still to be met - remain liabilities (see note 21).

The grant is allocated for the development of erven.

DBSA - Capacity building programme grant

Balance unspent at beginning of year	234,104	234,104
Conditions met - transferred to revenue	-	-
	234,104	**234,104**

Conditions still to be met - remain liabilities (see note 21).

The grant was allocated to the entity to assist with capacity building.

Fuel levy grant

Balance unspent at beginning of year	-	-
Current-year receipts	237,704,000	175,972,000
Conditions met - transferred to revenue	(237,704,000)	(175,972,000)
	-	**-**

The fuel levy is allocated to the entity from the General Fuel Levy Revenue Fund.

Provincial grant - Grasslands area

Balance unspent at beginning of year	4,500,000	4,500,000
Conditions met - transferred to revenue	-	-
	4,500,000	**4,500,000**

Conditions still to be met - remain liabilities (see note 21).

The grant is to be used for the installation of storm water drainage and regravelling of roads. Planning and surveying in respect of phase 3 of the Grasslands area.

Provincial grant - Upgrading housing Batho

Balance unspent at beginning of year	1,749,275	1,749,275

Conditions still to be met - remain liabilities (see note 21).

The purpose of the grant is to assist the entity with the upgrading of housing in the Batho area.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

National electrification program grant

Current-year receipts	25,000,000	28,000,000
Conditions met - transferred to Centlec (SOC) Limited	(25,000,000)	(12,635,000)
Conditions met - transferred to Centlec (SOC) Limited Creditors	-	(15,365,000)
	-	**-**

The grant is used to address the electrification backlog of permanently occupied residential dwellings, the installation of bull infrastructure and rehabilitation of electrification infrastructure. The grant was transferred to Centlec (SOC) Limited.

Department of Water Affairs Grant - ACIP

Current-year receipts	9,995,000	-
Conditions met - transferred to revenue	(9,539,984)	-
	455,016	**-**

Conditions still to be met - remain liabilities (see note 21).

To develop regional bulk infrastructure for water supply to supplement water treatment work at resource development.

Provincial grant - Batho car wash

Balance unspent at beginning of year	150,000	150,000
Conditions met - transferred to revenue	(90,000)	-
	60,000	**150,000**

Conditions still to be met - remain liabilities (see note 21).

The purpose of this grant is to assist the entity with the implementation of the operation Hlasela project, a car wash in the Batho area.

COGTA - Fire suppression grant

Balance unspent at beginning of year	-	82,817
Conditions met - transferred to revenue	-	(82,817)
	-	**-**

The grant was allocated to the entity to capacitate the fire and rescue division in order to deal with the 2010 World cup.

Provincial grant - Du Plessis / Muller intersection

Balance unspent at beginning of year	554,640	554,640
Conditions met - transferred to revenue	(554,640)	-
	-	**554,640**

The purpose of the grant is to assist the entity with the Du Plessis / Muller intersection infrastructure project as part of the widening of Nelson Mandela Drive.

Comparative information has been restated due to availibility of additional information.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Provincial grant - Upgrading roads in Batho

Balance unspent at beginning of year	5,688,069	26,423,367
Conditions met - transferred to revenue	(5,606,853)	(20,735,298)
	81,216	**5,688,069**

Conditions still to be met - remain liabilities (see note 21).

The purpose of this grant is to assist the entity with the implementation of the upgrading of roads in the Batho area.

Provincial grant - Re Ba Ikemetseng Bomme

Balance unspent at beginning of year	100,000	100,000
Conditions met - transferred to revenue	(100,000)	-
	-	**100,000**

The purpose of this grant is to assist the entity with the implementation of the Re Ba Ikemetseng Bomme swing project.

Provincial Grant - Iphahamilseng centre

Balance unspent at beginning of year	3,703	3,703
Conditions met - transferred to revenue	-	-
	3,703	**3,703**

Conditions still to be met - remain liabilities (see note 21).

The purpose of this grant is to assist the entity with the implementation of the project, for swings, computer internet services and adopting the Iphahamilseng centre for vulnerable children.

Provincial Grant - Township establishment - Caleb Motshabi

Balance unspent at beginning of year	135,964	147,239
Conditions met - transferred to revenue	-	(11,275)
	135,964	**135,964**

Conditions still to be met - remain liabilities (see note 21).

To assist the entity with the establishing of the township establishment Caleb Motshabi.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Motheo District Municipality - Upgrading of roads grants

Balance unspent at beginning of year	-	1,259,252
Conditions met - transferred to revenue	-	(1,259,252)
	-	**-**

The purpose of this grant is to assist the entity with the implementation of the upgrading of roads.

Expanded public work programme

Current-year receipts	5,914,000	-
Conditions met - transferred to revenue	(1,852,693)	-
	4,061,307	**-**

Conditions still to be met - remain liabilities (see note 21).

The purpose of the Grant is to expand work creation efforts through the use of labour incentives delivery methods in identified focus areas, in compliance with Expanded Public Works Programme (EPWP) guidelines

Urban settlement development grant

Balance unspent at beginning of year	115,715,078	6,505,054
Current-year receipts	404,483,562	376,995,000
Conditions met - transferred to revenue	(386,261,084)	(248,037,732)
Conditions met - transferred to Centlec (SOC) Ltd Creditors	(4,487,314)	(19,747,244)
	129,450,242	**115,715,078**

Conditions still to be met - remain liabilities (see note 21).

The grant was allocated to the entity for People's Housing Process (PHP) housing infrastructure projects in Thaba Nchu.

Motheo - Tourism grant

Balance unspent at beginning of year	-	10,750
Conditions met - transferred to revenue	-	(10,750)
	-	**-**

The purpose of the grant is to assist the entity with tourism in the Mangaung area.

Provincial grant - CCTV

Balance unspent at beginning of year	1,858,068	130,850
Current-year receipts	-	10,000,000
Conditions met - transferred to revenue	(1,858,068)	(8,272,782)
	-	**1,858,068**

The was allocated to the entity for CCTV cameras at the Bloemfontein CBD stadium and Naval Hill.

	2013 R	Restated 2012 R

32. Government grants and subsidies (continued)

Department of water affairs grant

Current-year receipts	6,000,000	-
	6,000,000	**-**

Conditions still to be met - remain liabilities (see note 21).

To subsidise and build capacity in water schemes on behalf of Department of Water and Environmental Affairs and transfer theses schemes to local government.

Changes in level of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 5 of 2012), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.

33. Income from agency services

Centlec (SOC) Limited - Employee related costs	106,046,017	102,247,441

34. Interest received

Interest earned		
Cash and cash equivalents	24,764,467	14,571,843
Centlec (SOC) Limited - Advances	12,248,074	13,480,815
Centlec (SOC) Limited - Shareholders loan	342,801,995	184,466,364
Interest charged on consumer receivables	100,685,019	23,333,409
Financial assets at amortised cost	1,131,692	1,957,722
	481,631,247	**237,810,153**

35. Other income

Administration costs recoverable	3,897,646	462,183
Building plan fees	3,168,844	2,740,167
Commission fresh market produce	16,077,725	14,713,977
Entrance fees	1,206,502	1,501,525
Grave plots	2,073,300	2,295,008
Human settlement reimbursement	55,772,781	-
Insurance collection	1,700,669	1,532,868
Parking fees	734,962	737,775
Reconnection of water	452,228	446,268
Removal fees	991,050	952,663
Sale of redundant materials	4,111	2,301
Sundry income	12,779,008	6,667,457
Training costs	2,782,200	2,355,071
Unclaimed deposits and stale cheques	666,761	6,180,584
	102,307,787	**40,587,847**

	2013 R	Restated 2012 R

36. Property rates

Rates received

	2013 R	Restated 2012 R
Residential and business/commercial	447,213,026	394,982,667
Government	66,964,376	68,273,035
	514,177,402	**463,255,702**

Valuations

	2013 R	Restated 2012 R
Residential	31,714,979,102	31,750,814,701
Business/commercial	8,093,269,534	7,159,246,096
Government	3,763,823,449	3,613,182,379
Municipal	3,077,508,175	2,776,400,120
	46,649,580,260	**45,299,643,296**

Valuations on land and buildings are performed at least every 4 years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The first R40,000 of the rateable value of residential property are exempted from taxes, including properties which are zoned for the purpose of town houses and flats, as well as smallholding's and farms used solely for residential and agricultural purposes.

The new general valuation will be implemented on 1 July 2013.

2013
From 1 July 2012 the basic rates were adjusted as follows:

- R0.019490 on the value of rateable farm property
- R0.007796 on the value of rateable residential property
- R0.019490 on the value of rateable government property
- R0.038620 on the value of rateable business/commercial property

2012
From 1 July 2011 the basic rates were adjusted as follows:

- R0.0071520 on the value of rateable farm property
- R0.0071520 on the value of rateable residential property
- R0.0178810 on the value of rateable government property
- R0.0354320 on the value of rateable business/commercial property

	2013 R	Restated 2012 R

37. Rental income

Premises		
Premises	1,016,748	941,725
Venue hire	980,789	1,090,890
	1,997,537	**2,032,615**
Facilities and equipment		
Other rentals	452,008	469,311
Rental of equipment	479,332	312,853
Rental of facilities	14,949,099	7,661,599
	15,880,439	**8,443,763**
	17,877,976	**10,476,378**

No contingent rent is due for the reporting period.

38. Service charges

Refuse removal	59,876,719	5,240,865
Sale of water	512,474,561	447,910,378
Sewerage and sanitation charges	143,926,522	168,086,405
	716,277,802	**621,237,648**

39. Bad debts and provision for bad debts

Contributions to debt impairment provision	303,084,652	222,234,114

40. Bulk purchases

Water	346,266,015	284,552,289

41. Contracted services

Audit fees	11,655,677	14,639,616
Consultant Fees	26,562,924	26,707,746
Debt collection fees	21,116,881	3,688,935
Integrated call centre	12,666,427	14,730,670
Investigations	3,219,436	13,639,424
Meter replacements	18,247,361	-
Security services	23,158,516	17,020,408
Other contracted services	49,157,733	39,275,867
	165,784,955	**129,702,666**

42. Depreciation and amortisation

Intangible assets	319,033	328,074
Property, plant and equipment	286,367,729	295,268,935
	286,686,762	**295,597,009**

Notes to the Financial Statements

	2013 R	Restated 2012 R

43. Employee related costs

Contributions to UIF	5,256,623	4,613,195
Defined benefit plan obligation - Current service cost	18,544,000	18,821,000
Employee related costs - Salaries and wages	598,427,580	554,840,185
Housing benefits and allowances	2,957,091	3,038,755
Medical aid contributions	44,249,097	37,624,052
Other short term costs	17,110	186,315
Overtime payments	94,054,395	73,300,900
Pensions contributions	93,313,605	86,496,771
Staff bonuses - 13th cheques	476,993	(758,130)
Staff leave days accrual	8,477,097	16,511,103
Travel, car, accommodation, subsistence and other allowances	58,903,761	52,189,106
	924,677,352	**846,863,252**

Remuneration of Accounting Officer - 1 November 2011 to 30 June 2013

Annual Remuneration	1,882,771	1,228,672
Car and other Allowances	287,863	178,515
Contributions to UIF, medical aid and pension fund	48,937	25,168
	2,219,571	**1,432,355**

Remuneration of Accounting Officer - 1 July 2011 to 30 October 2011

Annual Remuneration	-	515,008
Car and other Allowances	-	80,000
Contributions to UIF, medical aid and pension fund	-	76,480
	-	**671,488**

Remuneration of Chief Finance Officer 1 November 2011 to 30 June 2013

Annual remuneration	1,331,681	999,428
Car and other Allowances	415,585	132,115
Contributions to UIF, medical aid and pension fund	44,783	25,072
	1,792,049	**1,156,615**

Remuneration of Chief Finance Officer - 1 July 2011 to 31 December 2011

Annual remuneration	-	664,508
Car and other Allowances	-	104,000
Contributions to UIF, medical aid and pension fund	-	169,724
	-	**938,232**

In the prior year the Chief Financial Officer position was occupied by two officials from 1 November 2011 till 31 December 2011. The suspeded Chief Financial Officer received his salary for two months whilst his matter was being finalised.

Remuneration of Executive Director - Human Settlement

Annual remuneration	1,245,269	1,512,956
Car and other Allowances	216,703	107,000
Contributions to UIF, medical aid and pension fund	320,148	73,287
	1,782,120	**1,693,243**

Notes to the Financial Statements

	2013 R	Restated 2012 R

43. Employee related costs (continued)

Remuneration of Executive Director - Corporate Services

	2013 R	Restated 2012 R
Annual remuneration	1,019,172	1,305,160
Car and other Allowances	518,315	129,000
Contributions to UIF, medical aid and pension fund	200,431	209,693
	1,737,918	**1,643,853**

Remuneration of Executive Director - Social Services*

	2013 R	Restated 2012 R
Annual remuneration	1,233,609	1,185,926
Car and other Allowances	222,247	120,000
Contributions to UIF, medical aid and pension fund	254,495	227,470
	1,710,351	**1,533,396**

* This directorate was previously known known as Community and Social Development.

Remuneration of Executive Director - Engineering**

	2013 R	Restated 2012 R
Annual remuneration	1,260,643	1,156,497
Car and other Allowances	427,893	360,000
Contributions to UIF, medical aid and pension fund	31,693	28,384
	1,720,229	**1,544,881**

*** This directorate was previously known as Infrastructure services.

Remuneration of Executive Director - Economic Development and Planning

	2013 R	Restated 2012 R
Annual remuneration	1,507,032	1,045,199
Car and other Allowances	266,304	170,000
Contributions to UIF, medical aid and pension fund	19,012	63,879
	1,792,348	**1,279,078**

Remuneration of Executive Director - Strategic Support & Service Delivery Regulation***

	2013 R	Restated 2012 R
Annual remuneration	1,272,090	1,259,680
Car and other Allowances	223,983	180,000
Contributions to UIF, medical aid and pension fund	65,802	51,212
	1,561,875	**1,490,892**

*** This directorate was previously known as Regional Operations.

44. Finance costs

	2013 R	Restated 2012 R
Consumer deposits	-	1,056,614
Defined benefit plan obligation	30,793,000	40,399,000
Finance leases	651,602	636,797
Interest on Intercompany loan - Centlec (SOC) Limited	83,562,857	87,038,652
Non-current borrowings - DBSA loans	9,759,835	2,540,993
	124,767,294	**131,672,056**

Notes to the Financial Statements

	2013 R	Restated 2012 R

45. Fair value adjustments

	2013 R	Restated 2012 R
Other financial assets		
• Actuarial (Loss)/Gain on the defined benefit obligation	(74,337,266)	143,359,180

46. General expenses

	2013 R	Restated 2012 R
Advertising	3,319,408	(175,343)
Animal Costs	1,180,774	1,323,479
Bank charges	7,204,825	7,502,932
Chemicals	3,176,139	4,886,718
Cleaning	7,091,278	4,257,604
Commitment fees	140,483	1,172,329
Community development and training	3,444,512	3,887,562
Computer expenses	3,598	-
Conferences and seminars	5,273,613	3,513,167
Consumables	5,515,381	4,232,266
Electricity	67,203,481	54,646,742
Financial management grant projects	5,716,972	5,953,571
Fuel	19,909,711	17,522,083
Fuel charges	638	564,050
Hire equipment	11,970,472	6,220,053
Indigent burials	1,074,367	1,289,415
Insurance	4,035,199	4,914,521
Lease rentals on operating lease	1,186,925	9,744,355
Legal expenses	6,696,699	18,695,797
License fees	9,449,156	3,425,205
Marketing	9,041,793	18,334,716
Metro transitional arrangement	1,211,884	2,015,723
Motor vehicle expenses	19,419,229	7,284,488
Penalties and interest	285,434	3,212,851
Postage and courier	5,336,110	4,916,431
Printing and stationary	5,509,887	4,097,553
Reconnection test and removal - meters	4,990,865	5,449,980
Refreshments	782,293	931,286
Refuse	19,671,443	19,651,566
Rehabilitation of landfill and quarry sites	24,353,194	2,090,873
Sewerage and waste disposal	708,319	290,529
Skills development and training	2,132,353	3,163,492
Skills development levy	8,429,911	7,827,756
Software expenses	390,246	220,500
Staff welfare	478,922	454,772
Subscriptions and membership fees	11,730,960	11,607,772
Sundry expenses	22,509,412	17,514,126
Telephone costs	13,626,278	12,489,468
Title deed search fees	79,190	19,616
Tools, Plant and Equipment	500,422	340,039
Tourism development	612,347	481,092
Travel and subsistence	182,059	161,126
Uniforms and protective clothing	3,648,703	3,380,869
Vacuum services	5,405,550	23,877,943
Water	3,449,477	49,068
Water and Electricity	-	342,440
Water research	2,782,387	3,536,766
World cup expenditure	-	136,100
	330,862,299	**307,455,447**

	2013 R	Restated 2012 R

47. Grants and subsidies paid

	2013 R	2012 R
Other subsidies		
Bursaries paid to employees	884,855	994,432
Central Agricultural Society	9,751	9,199
Cost of living allowance for pensioners	124,691	(15)
Electricity Demand Side Management Grant	-	5,000,000
Employees and ex-employees	(7,584,346)	(327,969)
Free electricity services	13,477,074	44,191,775
Miscellaneous grants	56,763	274,577
National Electrification Program Grant	25,000,000	12,635,000
SPCA	394,495	372,165
	32,363,283	**63,149,164**

Bursaries paid to employees
Bursaries are paid to employees in accordance with the approved study scheme.

Central Agricultural Society
The payments to the society is for the maintenance of Council's property at the show grounds which are used in accordance with an agreement with the society.

Cost of living allowance for pensioners
The allowance is applicable to pensioners of the former Bloemfontein municipality who did not belong to a pension fund, which are subsidised according to an approved formula.

Employees and ex-employees
This is paid to employees who belong to a non-contributive gratuity scheme and is paid out on retirement, termination or death.

Free electricity services
The free electricity provided by Centlec (SOC) Limited and Eskom is recoverable from the equitable share grant.

Miscellaneous grants
These grants are allocated mainly for ad hoc grants and the free use of Council facilities, as approved during the year.

National Electrification Programme Grant
The grant is used to implement the programme by providing capital subsidies to licensed distributors to address the programme in order to mitigate the risk of load shedding and supply interruptions. The grant was transferred to Centlec (SOC) Limited.

SPCA - Society for the Prevention of Cruelty to Animals
The subsidy is paid annually to the society to assist them in performing their tasks.

Urban Settlement Development
The grant is used to upgrade urban areas and the amount paid relates to the portion provided for upgraing of urban areas allocated to Centlec (SOC) Limited.

48. Remuneration of councillors

	2013 R	2012 R
Executive Mayor	1,116,829	1,031,719
Deputy Executive Mayor	881,421	816,941
Mayoral Committee Members	6,930,987	7,086,299
Chief Whip	827,548	784,021
Speaker	864,217	835,957
Part time Councillors	32,989,233	30,762,702
	43,610,235	**41,317,639**

Notes to the Financial Statements

	2013 R	Restated 2012 R

48. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker, Chief Whip and Mayoral Committee Members are full time employees of the entity and each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor and Deputy Executive Mayor have use of Council owned vehicles for official duties.

	2013 R	2012 R
Executive Mayor		
Allowance	693,167	650,135
Cellphone	39,828	17,952
Medical aid	17,280	17,280
Pension fund	99,516	93,235
Travel allowance	267,038	253,117
	1,116,829	1,031,719
Deputy Executive Mayor		
Allowance	551,476	551,080
Cellphone	19,872	-
Housing allowance	-	38,246
Medical aid	17,280	17,280
Pension fund	79,162	7,841
Travel allowance	213,631	202,494
	881,421	816,941
Mayoral Committee Members		
Allowance	4,299,356	4,494,814
Cellphone	175,961	179,807
Housing allowance	80,246	80,246
Medical aid	87,513	82,128
Pension fund	574,417	574,516
Travel allowance	1,713,494	1,674,788
	6,930,987	7,086,299
Chief Whip		
Allowance	524,509	515,885
Cellphone	19,872	18,769
Housing allowance	6,561	-
Pension fund	76,327	59,530
Travel allowance	200,279	189,837
	827,548	784,021
Speaker		
Allowance	593,404	526,091
Cellphone	1,656	19,802
Housing allowance	38,246	-
Medical aid	17,280	17,280
Pension fund	-	70,290
Travel allowance	213,631	202,494
	864,217	835,957

Notes to the Financial Statements

	2013 R	Restated 2012 R

48. Remuneration of councillors (continued)

	2013 R	Restated 2012 R
Councillors		
Allowance	22,226,721	20,676,329
Cellphone	887,799	864,352
Housing allowance	24,000	24,000
Medical aid	209,887	195,781
Pension fund	2,201,525	1,976,147
Travel allowance	7,439,301	7,026,093
	32,989,233	30,762,702

49. Net cash flows from operating activities

	2013 R	Restated 2012 R
Surplus	490,751,476	364,482,891
Adjustments for:		
Depreciation and amortisation	286,686,762	295,597,009
Loss on sale of assets and liabilities/Write offs	(1,486,613)	-
(Profit) / loss on disposal of property, plant and equipment	(1,363,910)	(1,693,465)
Fair Value adjustments	(11,425)	(97,606,055)
Insurance Contributions	-	27,080
Insurance claims processed	-	(696,231)
Prior Period Adjustments	-	2,603,179
Movement in Provisions	(17,623,306)	(29,693,085)
Defined Benefit Obligation	108,853,000	(108,853,000)
Consumer Deposits	774,949	(562,140)
Inventories	(685,809)	1,063,267
Consumer Receivables	(69,017,617)	(144,148,759)
Other receivables	(21,427,321)	13,353,107
Payables from exchange transactions	33,871,936	222,679,795
VAT Receivable / Payable	41,388,697	(49,634,469)
Unspent conditional grants and receipts	(18,568,660)	(1,646,054)
	832,142,159	**465,273,070**

Notes to the Financial Statements

	2013 R	Restated 2012 R

50. Commitments

Commitments in respect of capital expenditure

	2013 R	Restated 2012 R
Approved and contracted for		
• Infrastructure	428,973,330	217,635,407
• Other commitments	115,571,715	12,647,613
	544,545,045	**230,283,020**
The capital expenditure will be financed from		
• Non-current borrowings	179,085,649	62,087,194
• Unspent capital conditional grants and receipts	198,037,766	145,356,854
• Own resources	167,421,630	22,838,972
	544,545,045	**230,283,020**

Operating leases - as lessee (expense)

	2013 R	Restated 2012 R
Minimum lease payments due		
- within one year	852,402	3,160,783
- in second to fifth year inclusive	915,108	1,767,509
	1,767,510	**4,928,292**

Operating leases payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of 3 to 5 years. No sublease contracts exists and no contingent rent is payable for the reporting period. The lease agreements have escalations of 8% to 10% per year. There are no renewal and/or purchase options. There was no contingent rent during the year.

Some comparative information have been restated due to the compilation of a new lease register.

Operating leases - as lessor (revenue)

	2013 R	Restated 2012 R
Minimum lease payments due		
- within one year	3,986,957	3,646,844
- in second to fifth year inclusive	10,486,102	12,792,595
- later than five years	34,632,919	37,777,891
	49,105,978	**54,217,330**

Comparative information has been restated due to reconstruction of the lease register.

The entity leases various fixed properties under non-cancelable operating leases to various institutions. The lease agreements have escalations between 8 and 12% per year with the agreements varying between 2 to 50 years. Rental income, for these agreements, to the value of R 13,849,680 (2012: R 12,484,061) has been recognised in the Statement of financial performance during the year. There are no renewal or purchase options. There was no contingent rent during the year.

Notes to the Financial Statements

	2013 R	Restated 2012 R

51. Guarantees and contingent liabilities

Housing loans	3,887,399	3,870,811

Contingent liabilities

The entity is being sued for some of the following pending claims. All the claims are being contested based on legal advice. The certainty and the timing of the outflow of these liabilities is uncertain. The amounts disclosed below are possible outflows amounts:

Probable legal costs to be incurred for various matters being handled by various attorneys	2,023,275	1,635,009
Labour cases and employee related matters	2,810,423	2,716,594
Claims by individuals due to damage of property in various incidents	80,000	885,000
Claims by individuals due to injuries in various incidents	-	618,032
Claims from suppliers - contractual disputes	9,527,257	400,218
Mangaung Metropolitan Municipality has a claim for the the consumption of all public lighting in the Mangaung Metro Area from Centlec (SOC) Limited	28,263,455	12,699,110
Mangaung Metropolitan Municipality has a claim for the electricity consumption of all Mangaung owned properties from Centlec (SOC) Limited	14,668,501	2,151,216
	57,372,911	21,105,179

Notes to the Financial Statements

	2013 R	Restated 2012 R

52. Related parties

Relationships

Controlled entities	Refer to note 13

A company, Centlec (SOC) Limited, of which Mangaung Metro Municipality is the sole shareholder, was formed to take over all activities in respect of the supply of electricity for their own account.

Related party balances

	2013 R	Restated 2012 R
Loan accounts - Owing (to) by related parties		
Centlec (SOC) Limited - Advances	122,642,380	136,089,716
Centlec (SOC) Limited - Intercompany loan balance	(956,101,928)	(984,405,296)
Centlec (SOC) Limited - Shareholders loan	2,357,548,437	2,125,066,707

Related party transactions

	2013 R	Restated 2012 R
Interest received from related parties		
Centlec (SOC) Ltd - Advances	(12,248,074)	(13,480,815)
Centlec (SOC) Ltd - Shareholders loan	(342,801,995)	(184,466,364)
Interest paid to related parties		
Centlec (SOC) Ltd - Intercompany loan	83,562,857	87,038,652
Expenses paid for (received from) related parties		
Centlec (SOC) Ltd - Electricity charges	(27,690,867)	(124,605,197)
Centlec (SOC) Ltd - Employee related cost	106,046,017	102,247,441
Centlec (SOC) Ltd - Fuel	-	279,796
Centlec (SOC) Ltd - Inventory	-	44,387
Centlec (SOC) Ltd - Insurance	-	1,558,241
Centlec (SOC) Ltd - Insurance costs	128	(1,717)
Centlec (SOC) Ltd - Maintenance on street lights	-	(52,892)
Centlec (SOC) Ltd - Payments on behalf of Centlec	32,924	21,109,128
Centlec (SOC) Ltd - Telephone expenses	1,275,116	728,839
Centlec (SOC) Ltd - Vat Payments	-	34,805,901

Water and rates are treated as interdepartmental charges between the entity and the controlled entity. These transaction are not recorded in the records of Centlec (SOC) Limited.

Comparative figures have been restated due to the fact that the employee cost amount was incorrectly calculated on a incorrect basis in the prior year and amounts was updated to reflect the accounting records.

Key management and Councillors
No transactions took place between the entity and key management personnel or their close family members during the reporting period.

Details relating to remuneration are disclosed in note 43, for key management and note 48 for Councillors.

53. Change in estimate

Community assets

2012 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 6,768,017.90 and the new depreciation will be R 6,710,628.70.

The future impact of the change in estimates will amount to future depreciation of R19,130 p.a.

2013 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 17,159,319.08 and the new depreciation will be R 16,485,010.39.

The future impact of the change in estimates will amount to future depriciation of R600,997 p.a.

Other assets

2012 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 9,655,043.36 and the new depreciation will be R 9,912,204.23.

The future impact of the change in estimates will amount to future depreciation of R173,139 p.a.

2013 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 10,902,736.47 and the new depreciation will be R 11,253,785.03.

The future impact of the change in estimates will amunt to future depriciation of R175,820 p.a.

Infrastructure

2012 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 224,003,449.87 and the new depreciation will be R 171,569,839.41.

The future impact of the change in estimates will amount to future depreciation of R10,483,678 p.a.

2013 - The change in accounting estimates is due to a revaluation of the Remaining Useful Life of certain assets as the municipality expects to use the asset longer than previously estimated.

The old depreciation was R 193,575,033.07 and the new depreciation will be R 153,219,507.91.

The future impact of the change in estimates will amount to future depreciation of R8,918,426 p.a.

Notes to the Financial Statements

	2013 R	Restated 2012 R

54. Prior period errors

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

54.1. Prior period error - Centlec Shareholders Loan

The Centlec shareholders loan was not accounted for correctly due to unavailable information at the date of completion of the annual financial statements in the prior year. There were final audited Centlec revenue figures and updated CPI rates received in respect of the prior year that affects the interest and deferred interest calculations. The impact is as follows:

1. Interest was incorrectly calculated, the amount was corrected.
2. Deferred Interest was corrected to account for change due to the applied interest rates.

	2013 R	Restated 2012 R
Statement of financial position		
Increase in shareholders loan	-	235,655
Increase Deferred Interest account on shareholders loan	-	(1,113,316)
Statement of Financial Performance		
Increase in Interest on Shareholders loan - Centlec (SOC) Limited	-	877,661

54.2. Prior period error - Inter-Company Loan Interest not accounted for

There was interest accounted for on the Centlec Inter-Company loan accounts at 10% and it should have been accounted for at 9% interest which was the prime rate on 1 July 2011 and then on the average loan balance during the year.

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in intercompany loan	-	9,384,181
Statement of Financial Performance		
Decrease in Interest on Intercompany loan - Centlec (SOC) Limited	-	(9,384,181)

54.3. Prior period error - Management fees accounted for incorrectly

There was management fees accounted for on the Centlec Inter-Company loan accounts incorrectly as the amounts invoice were incorrectly calculated.

	2013 R	Restated 2012 R
Statement of financial position		
Increase in VAT Output account	-	(1,344,854)
Increase in Intercompany loan	-	(5,735,599)
Statement of Financial Performance		
Increase in Centlec (SOC) Limited - Employee Related Costs	-	7,080,453

	2013 R	Restated 2012 R

54. Prior period errors (continued)

54.4. Prior period errors - Correction of Defined Benefit Obligation

A revised actuarial report was obtained from the actuaries to correct the year-end defined benefit obligation balance by applying ammended expected retirement ages.

The correction of the error results in adjustments as follows:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in defined benefit obligation	-	153,326,000
Statement of Financial Performance		
Increase in actuarial gain	-	(153,326,000)

54.5. Prior period errors - Freshco Housing Development

Included in the Rental Income in 2012 was an amount of R90,807,675 relating to the construction costs for the Freshco Housing Development. The rental portion of the agreement was also not straightlined, this amounted to R33,188.89.

Included in the work in progress of the prior year, was an amount of R 13,755,394 which was incorrectly capitilised. The comparative statement for 2012 has been restated. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Increase in Liability	-	(89,285,131)
Decrease in Property, plant and equipment - Work in Progress	-	(15,277,938)
Increase in Deferred Lease Asset	-	33,189
Increase in Opening Accumulated Surplus or Deficit	-	13,755,394
Statement of financial performance		
Decrease in Rental Income	-	90,774,486

54.6. Prior period errors - Operating lease income

A project was undertaken to recompile the operating lease income register during the current financial year. Therefore adjustments needed to be made to the prior perid figures. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Increase in Deferred lease expenditure	-	(4,822,462)
Statement of Financial Performance		
Decrease in Operating lease income	-	4,822,462

54.7. Prior period errors - City of Ghent Unspent grant

The unspent grant received was erroneously reclassified to income. The grant however needs to remain conditional based on the conditions as prescribed by the City of Ghent. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in accumulated surplus	-	643,993
Statement of financial performance		
Increase in conditional grant (City of Ghent)	-	(643,993)

	2013 R	Restated 2012 R

54. Prior period errors (continued)

54.8. Prior period errors - Adjustments to VAT due to SARS audit

Adjustments were made to the VAT control accounts as a result of an audit that was performed by SARS resulting in penalties and reversal of deductions. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in Accumulated Surplus	-	2,882,448
Increase in VAT Payable	-	(2,882,448)

54.9. Prior period errors - Correction of Infrastructure assets

The asset register was recompiled during the year and this lead to adjustments on infrastructure assets. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in Infrastructure assets	-	(781,603,012)
Decrease in accumulated depreciation - infrastructure assets	-	126,915,689
Decrease in Work in Progress - Infrastructure	-	(26,038,083)
Increase in other assets	-	174,350
Increase in Opening Accumulated Surplus or Deficit	-	695,450,330
Increase in prepaid expenditure	-	8,451,723
Statement of Financial Performance		
Increase in depreciation	-	(23,793,654)
Increase in Repairs and maintenance	-	442,657

54.10. Prior period errors - Correction of Community assets

The asset register was recompiled during the year and this lead to adjustments on infrastructure assets. The effect of the restatement is summarised below. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in community assets	-	(90,185)
Decrease in accumulated depreciation - community assets	-	172,354
Statement of Financial Performance		
Increase in depreciation	-	(172,523)
Increase in Repairs and maintenance	-	90,353

54.11. Prior period errors - Correction of other assets

The asset register was recompiled during the year and this lead to adjustments on infrastructure assets. The effect of the restatement is summarised below. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in other assets - Work in Progress	-	(482,395)
Decrease in accumulated depreciation - community assets	-	730,282
Statement of Financial Performance		
Decrease in depreciation	-	(247,887)

54.12. Prior period errors - Correction of Centlec Urban Settlement Development Grant Due for the 2011/2012 financial year

Due to a reconciliation performed between the entity and Centlec (SOC) Limited for grants, discrepancies was identified. Therefore the following adjustments were made to correct the Urban Settlement Development Grant. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R

54. Prior period errors (continued)

Statement of financial position		
Decrease in Trade and other Payables - Other payables - Grants	-	55,252,756
Increase in Unspent conditional grants - Urban Settlement Development grant	-	(20,252,756)
Statement of Financial Performance		
Decrease in Government Grants and subsidies paid	-	(35,000,000)

54.13. Prior period errors - Correction of Centlec Equitable share due for the 2011/2012 financial year

Due to a reconciliation performed between the entity and Centlec (SOC) Limited for grants, discrepancies was identified. Therefore the following adjustments were made to correct the Equitable share grant. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in Trade and other Payables - Other Payables - Grants	-	31,448,444
Statement of Financial Performance		
Decrease in General expenses	-	(31,448,444)

54.14. Prior period errors - Intangible assets - Servitudes acquired

Additional servitudes was identified during the year and therefore was recognised in the financial statements. The effect of the restatement is summarised below:

Statement of financial position		
Increase in Intangible assets	-	32,000
Increase in Opening Accumulated Surplus	-	(14,000)
Statement of Financial Performance		
Decrease in Tools, plant and equipment	-	(18,000)

54.15. Prior period errors - Correction of heritage assets

Zoo animals and fire arms was classified incorrectly against heritage assets in the prior year. This has been reclassified to property, plant and equipment in the current year. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in heritage assets	-	(5,500,716)
Increase in property, plant and equipment - other assets	-	3,819,798
Decrease in Opening Accumulated Surplus	-	1,680,918

54.16. Prior period errors - Correction of property, plant and equipment - buildings

Clinics and libraries was incorrectly recognised as property of the entity in the prior year. This was corrected in the current year. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in Property, plant and equipment	-	(6,338,151)
Decrease in Opening Accumulated Surplus	-	6,483,464
Statement of Financial Performance		
Decrease in Depreciation and Amortisation	-	(145,313)

Notes to the Financial Statements

	2013 R	Restated 2012 R

54. Prior period errors (continued)

54.17. Prior period errors - Correction of existing FRESHCO buildings

The Brandwag flats (FRESHCO) was originally valued at the incorrect amount. A recalculation was done during the year based on the Depreciated Replacement Cost method. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Decrease in Property, Plant and Equipment - Buildings	-	(14,685,207)
Decrease in Opening Accumulated Surplus or Deficit	-	14,813,090
Statement of Financial Performance		
Decrease in depreciation	-	(127,883)

54.18. Prior period errors - Property, plant and equipment buildings was incorrectly valued

Buildings was originally valued at the incorrect amount. A recalculation was done during the year based on the Depreciated Replacement Cost method. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Increase in property, plant and equipment - buildings	-	144,821,608
Increase in property, plant and equipment - land	-	50,973,213
Increase in accumulated surplus / deficit	-	(200,155,224)
Statement of Financial Performance		
Increase in Depreciation	-	4,360,403

54.19. Prior period errors - Correction of investment properties

Reclassification of the following was done on investment properties:
- Residential stock was reclassified to property, plant and equipment.
- Sportclubs and creches was reclassified to property, plant and equipment.
- Certain land was reclassified to investment property.

The items was valued at Depreciated Replacement when taken into account. The effect of the restatement is summarised below:

	2013 R	Restated 2012 R
Statement of financial position		
Increase in Investment properties	-	1,450,586,827
Increase in property, plant and equipment - buildings	-	54,347,015
Decrease in Property, plant and equipment - Land	-	(380,357,210)
Increase in Assets held for sale	-	50,492
Increase in Opening Accumulated Surplus or Deficit	-	(1,145,965,526)
Statement of Changes in Net Assets		
Increase in depreciation	-	1,841,736
Decrease in Gain on fair value adjustments on assets	-	19,496,666

	2013 R	Restated 2012 R

54. Prior period errors (continued)
54.20. Prior period errors - Correction of buildings not previously taken into account

Land and buildings not previously recognised, was taken into account. The effect of the restatement is summarised below:

Statement of financial position		
Increase in property, plant and equipment - buildings	-	38,190,459
Increase in property, plant and equipment - land	-	174,747,659
Increase in Opening Accumulated Surplus or Deficit	-	(214,029,274)
Statement of Financial Performance		
Increase in depreciation	-	1,091,154

54.21. Prior period errors - Revaluation Reserve

The revaluation reserve was not realised to the surplus/(deficit) in the prior years. The value was prepared based on the Depreciated Replacement Cost method. The effect of the restatement is summarised below:

Statement of financial position		
Increase in property, plant and equipment - Buildings	-	79,578,220
Increase in property, plant and equipment - Land	-	97,591,858
Decrease in Revaluation Reserve	-	490,936,904
Increase in Opening Accumulated Surplus or Deficit	-	(668,106,983)

54.22. Prior period errors - Deregconition of land transferred

Land was derecognised during the financial year, as this land does not belong to the entity or only ownerships still needs to be transferred. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in property, plant and equipment - land	-	(202,064,342)
Decrease in Opening Accumulated Surplus or Deficit	-	202,064,342

54.23. Prior period errors - Properties written off or removed

Land was derecognised during the financial year, as they could not be identified or was duplicated in prior year. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in property, plant and equipment - land	-	(11,533,952)
Decrease in Opening Accumulated Surplus or Deficit	-	11,533,952

54.24. Prior period errors - Landfill and quarries provision

The landfill sites and quaries amounts were restated following the revised valuation report. Thus the impact on on the Financial statements is as follows:

Statement of financial position		
Increase in property, plant and equipment - Land	-	403,164,200
Increase in Provision for landfill and quarries	-	(365,711,678)
Increase in Accumulated depreciation - Land	-	(273,594,477)
Decrease in Opening Accumulated Surplus or Deficit	-	182,265,357
Statement of Financial Performance		
Increase in provision for landfill	-	36,960,384
Increase in depreciation	-	16,916,214

Notes to the Financial Statements

	2013 R	Restated 2012 R

54. Prior period errors (continued)

54.25. Prior period errors - Deferred lease income

Due to journals incorrectly processed, deferred lease income was overstated. The comparative statement for 2012 has been restated. The effect of the restatement is summarised below:

Statement of financial position		
Decrease in deferred income	-	8,121,853
Increase in Opening Accumulated Surplus or Deficit	-	(8,121,853)

55. Reclassification of comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Correction of impairments of vehicle and erven loans:

Statement of financial position		
Increase in impairment of vehicle loans	-	(16,868)
Decrease in impairment of erven loans	-	16,868

The loans receivable from Centlec is reclassified and is disclosed separately within note 14. Please refer to reclassification below:

Increase in current portion of Centlec receivables	-	13,447,336
Decrease in current portion of Non-current receivables	-	(13,447,336)
Decrease in Non-current receivables	-	(2,137,389,091)
Increase in Non-current portion of Centlec receivables	-	2,137,389,091

Provision for landfill income was incorrectly classified under general expenditure. Please refer to reclassification below:

Increase in other income	-	(27,588,967)
Increase in general expenditure	-	27,588,967

The following items was reclassified under expenditure as the items more closely refect their purpose for better classification:

Increase in sundry expenses	-	11,204,931
Decrease in water expense	-	(11,204,931)
Increase in deferred lease expenditure	-	12,489,468
Decrease in telephone and fax	-	(12,489,468)
Increase in general expenditure (sundry expenses)	-	78,415
Decrease in repairs and maintenance	-	(78,415)

Reclassification between Grants and subsidies paid for better classification:

Increase in National Electrification Program Grant	-	7,635,000
Increase in Electricity Demand Side Management Grant	-	5,000,000
Decrease in Free electricity services	-	(12,635,000)

56. Risk management (continued)

56. Risk management

Financial risk management

This note presents information about the entity's exposure to each of the financial risks below and the entity's objectives, policies and processes for measuring and managing financial risks. Further quantitative disclosures are included throughout the Annual Financial Statements.

The Council has overall responsibility for the establishment and oversight of the entity's risk management framework.

The entity's audit committee oversees the monitoring of compliance with the entity's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the entity. The audit committee is assisted in its oversight role by the entity's internal audit function.

The entity monitors and manages the financial risks relating to the operations of the economic entity through internal risk reports which analyse exposures by degree and magnitude of risks. The entity has exposure to the following financial risks from its use of financial instruments:
- credit risk
- liquidity risk; and
- market risk (including interest rate risk and price risk).

The economic entity seeks to minimise the effects of these risks in accordance with the economic entity's policies approved by the Council. The policies provide written principles on foreign exchange risk, interest rate risk, credit risk and in the investment of excess liquidity.

Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The entity does not enter into or trade in financial instruments for speculative purposes.

56. Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The entity's exposure to liquidity risk is a result of the funds available to cover future commitments. The entity manages liquidity risk through ongoing review of commitments.

The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

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

The entity has not defaulted on external loans, payables and lease commitment payments and no re-negotiation of terms were made on any of these instruments.

Impairment losses - all of the entity's financial assets have been reviewed for indicators of impairment. Certain receivables were found to be impaired and a provision has been recorded accordingly. The impaired receivables are mostly due from customers defaulting on service costs levied by the entity.

The table below analyses the 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.

At 30 June 2013	**Less than 1 year**	**Between 1 and 2 years**
Other financial liabilities	9,548,467	169,537,182
Finance lease liability	3,854,724	3,301,170
Trade and other payables	639,671,908	-

At 30 June 2012	**Less than 1 year**	**Between 1 and 2 years**
Other financial liabilities	4,401,674	57,685,520
Finance lease liability	2,477,556	2,990,344
Trade and other payables	1,603,741,850	-

56. Risk management (continued)

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently related, these ratings are used. Otherwise, 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.

Receivables are presented net of an allowance for impairment.

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

Financial instrument	**2013**	**2012**
Cash and cash equivalents	257,366,261	178,976,851
Other loans	2,480,190,817	2,150,836,427
Other receivables from exchange transactions	50,333,160	28,225,375
Financial instruments designated at Fair Value	16,782	14,048
Consumer debtors	413,210,559	344,192,942

These balances represent the maximum exposure to credit risk.

The entity is exposed to a number of guarantees for housing loans of employees. Refer to note 51 for additional details.

	2013	Restated 2012
	R	R

56. Risk management (continued)

Market rate risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the entity's revenue or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

There has been no change, since the previous financial year to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Market risk consists of the following risks:

Foreign Currency Risk

The entity does not enter into significant foreign currency transactions and has had very limited exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. The entity's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer term borrowings are therefore usually at fixed rates. The entity's exposures to interest rates on financial assets and financial liabilities are detailed below:

At year-end, financial instruments exposed to interest rate risk were as follows:
- Call, notice and fixed deposits
- Development Bank of South Africa loan

The entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the entity to fair value interest rate risk. Entity policy is to make as far as possible use of fixed rate instruments. During 2013 and 2012, the economic entity's borrowings at variable rate were denominated in the Rand.

Fair values
The fair value of financial assets with standard terms and conditions and traded in an active market is determined with reference to quoted market bid prices and ask prices respectively.

	Carrying amount		Fair value	
Financial instrument	**2013**	**2012**	**2013**	**2012**
Financial instruments at fair value - OVK Limited	2,525	2,535	16,782	14,048

57. Financial sustainability

The 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.

Although certain going concern ratios may appear unfavourable, the entity still has the power to levy rates and taxes and it will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue (Act 5 of 2012).

The entity has an intercompany loan from Centlec (SOC) Limited, as shown under note 30 with an amount of R 956,074,557 (2012: R 984,405,296). The current ratio is calculated at 0.77:1 (2012: 0.73:1), when excluding the loan, as the entity has full control over Centlec, municipal entity.

58. Events after the reporting date

Write-off of Debt:

Prescribed Consumer Debt:

On 4 July 2013 the Council resolved that all prescribed debt for households, non profit organizations, churches and small businesses (service charges and taxes) older than five years be written off from the debtors book. This amounted to R170,290,641.21 and the Provision for Bad Debt will be utilised for the write off of this debt. This debt is included in the Impairment Provision at 30 June 2013 as disclosed in note 7.

Lease Agreement Audit:

After conducting a Lease Agreement Audit a number of deficiencies were noted with regards to the lease contracts where municipal properties are leased out to third parties. The main deficiencies noted were as follows:
- Expired Contracts
- No contracts in place
- Maintenance issues of the lease properties
- Overall deficiencies relating to the existing contracts

The Council resolved that the entity is to embark on a re-negotiation process with regards to all leased municipal properties.

In addition the following write off was approved by Council for lease debt older than 3 years:

Lease debt for Commercial Properties	R535,535.94
Lease for Sports Clubs	R642.00

This debt is included in the Impairment Provision at 30 June 2013 as disclosed in note 7.

Notes to the Financial Statements

		2013 R	Restated 2012 R

59. Unauthorised expenditure

	2013 R	Restated 2012 R
Opening balance	-	466,793,278
Unauthorised expenditure - current year	-	307,256,486
Approved by Council or condoned	-	(399,081,386)
	-	**374,968,378**

Details of unauthorised expenditure:

Incidents regarding 2010/2011	Diciplinary steps taken / criminal proceedings		
Fresh produce market	None	-	417,912
Miscellaneous services	None	-	29,774,764
Water - Operating	None	-	23,353,983
Water - Capital	None	-	14,165,233
		-	67,711,892

Incidents regarding 2011/2012	Diciplinary steps taken / criminal proceedings		
Overspending by the finance directorate	None	-	35,020,886
Overspending by Infrastructural services	None	-	29,551,033
Overspending by Regional operations	None	-	159,247,863
Overspending by Miscellaneous services	None	-	44,318,396
Overspending by Corporate services	None	-	37,317,682
Overspending by Fresh produce market	None	-	177,295
Overspending by Water services	None	-	1,623,331
		-	307,256,486

Incidents regarding 2012/2013	Diciplinary steps taken / criminal proceedings		
Overspending by Finance Directorate	None	6,601,960	-
Overspending by Water	None	3,315,934	-
		9,917,894	-

Refer to Appendix E(1) and E(2) for more details.

60. Fruitless and wasteful expenditure

	2013 R	Restated 2012 R
Opening balance	27,378,459	34,880,254
Net Fruitless and wasteful expenditure awaiting condonation	798,134	561,768
Fruitless and wasteful expenditure for 2012/2013	798,134	3,919,579
Amounts written off by Council or condoned	-	(3,357,811)
	28,176,593	35,442,022
Fruitless and wasteful expenditure prior to 2013 written off or condoned by Council	-	(8,063,563)
	28,176,593	**27,378,459**

		2013 R	Restated 2012 R

60. Fruitless and wasteful expenditure (continued)

Details of fruitless and wasteful expenditure incidents 2009/10	Disciplinary steps taken / criminal proceedings		
Penalties and interest paid on the late submission of VAT return.	The result of the investigation from SARS is awaited.	-	5,099,888

Details of fruitless and wasteful expenditure incidents 2010/11	Disciplinary steps taken / criminal proceedings		
Penalties and interest paid on the late submission of a VAT return.	None	-	7,729,134
Penalties and interest paid on the late submission of PAYE, UIF and SDL.	A letter was written to SARS, requesting to waive the penalties and interest charged due to late submission. The penalties were waived, but not the interest.	-	171,147
		-	7,900,281

Details of fruitless and wasteful expenditure incidents 2011/12	Disciplinary steps taken / criminal proceedings		
Penalties and interest paid on the late submission of a VAT return.	None	-	113,832
Penalties and interest paid on the late submission VAT return of prior years.	None	-	13,816,522
Interest paid on overdue accounts	None	-	31,163
Interest paid on overdue accounts - Telkom	None	-	38,520
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor in 2011/12 financial year	None	-	378,254
		-	14,378,291

Details of fruitless and wasteful expenditure incidents 2012/13	Disciplinary steps taken / criminal proceedings		
Interest paid to Ruwacon (Pty) Ltd due to late payment	None	42,879	-
Interest paid to Eskom due to late payment	None	41,415	-
Interest paid to FDC due to late payment	None	804	-
Interest paid to Rossouws Attorneys due to late payment	None	390	-
Interest paid to Rural Maintenance (Pty) Ltd due to late payment	None	57	-
No Show penalty for 7 Councillors at 29/01/2013 accomodation Protea Hotal OR Tambo Protea	None	12,247	-
Interest paid to UMFA/FS Business Trust due to late payment	None	165	-
Interest and penalties paid to SARS due to late submission of a VAT return	None	147,204	-
Interest paid to Bloemwater due to late payment	None	4,851	-
Interest paid to Merchant West (Pty) Ltd due to late payment	None	60,820	-
Interest paid to Telkom SA limited due to late payment	None	100,031	-
Interest paid to Lawyers due to late payment	None	11,506	-
Councillor T.J Makae annual salary was paid to him but was however no longer a councillor in 2012/13 financial year	None	375,765	-
		798,134	-

	2013 R	Restated 2012 R

61. Irregular expenditure

	2013 R	2012 R
Opening balance	255,032,009	207,212,944
Irregular expenditure - current year	377,843	57,254,523
Amounts written off by Council or condoned	-	(9,435,458)
	255,409,852	**255,032,009**

Analysis of expenditure awaiting condonation per age classification

	2013 R	2012 R
Current year	377,843	57,254,523
Prior years	255,032,009	197,777,486
	255,409,852	**255,032,009**

Details of irregular expenditure – current year

Expenditure items identified where the supply chain process was not followed	The expenditure was identified during the current financial year and still needs to be investigated.	377,843

Details of irregular expenditure condoned

None	-

62. Additional disclosure in terms of the Municipal Finance Management Act

Contributions to organised local government

	2013 R	2012 R
Current year subscription fee	9,800,000	10,273,749
Amount paid - current year	(9,800,000)	(10,273,749)
	-	**-**

Contributions to organised local government consists of annual subscriptions paid to SALGA.

Audit fees

	2013 R	2012 R
Opening balance	635,210	365,812
Amount paid - current year	(2,887,800)	(14,273,804)
Amount paid - previous years	(9,297,502)	(365,812)
Current year regularity audit fees	12,900,399	14,909,014
Prior year regularity audit fees	(635,210)	-
	715,097	**635,210**

PAYE, UIF and SDL

	2013 R	2012 R
Opening balance	1,037,234	1,639,948
Payable for the current year	139,815,307	122,156,149
Amount paid - current year	(139,815,958)	(122,758,863)
	1,036,583	**1,037,234**

Pension and medical aid deductions

	2013 R	2012 R
Current year payroll deductions	226,711,586	216,275,659
Amount paid - current year	(226,711,586)	(216,275,659)
	-	**-**

Notes to the Financial Statements

	2013 R	Restated 2012 R

Bulk water losses

Material bulk water losses during the year under review were as follows and are not recoverable.

The main reason for incurring water losses relates to burst water pipes, leaks and unmetered water sites.

	Kilo liter	Cost per kilo liter	Total loss in Rand
Unaccounted water - 2013	29,686,927	3.94	116,966,492
Unaccounted water - 2012	31,851,224	3.50	111,479,285

VAT

	2013 R	Restated 2012 R
Opening Balance	46,883,535	96,925,542
VAT Payable	65,351,440	21,002,851
VAT paid	-	(18,723,226)
VAT claimed not received	(23,962,743)	(52,321,632)
VAT payable	**88,272,232**	**46,883,535**

Councillors' arrear consumer accounts

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

30 June 2013	**Outstanding more than 90 days R**
Toba AL	-
Teko ED	44,156
Olivier GJ	5,484
Nothnagel J	-
Lekgela LE	57,078
Maphakisa LE	10,316
Titi-Odile LM	7,016
July LR	-
Matsoetlane MJ	10,066
Tsomela MM	-
Moilwa ME	200
Nkoe MJ	43,023
Lephoi MJ	122
Mononyane MB	34,645
Mpeqeka MS	32,522
Hlujane MD	206
Siyonzana MA	-
Ndamane SS	3,573
Manyoni TM	-
Jacobs TA	8
Lala TS	432
Mpakathe TS	-
Naile TJ	-
Ward VM	13,502
Mangcotywa ZE	96
	262,445

30 June 2012	**Outstanding more than 90 days R**
Britz JF	-
Dyosiba S	-
Fujana MD	199
Horn W	-
Jacobs TA	119
Janse van Vuuren DE	-
July LR	224
Lazenby JAA	-
Lekgela LE	51,444
Lephoi MJ	137
Mangcotywa ZE	180
Manyoni TM	-
Masoetsa LA	164
Moilwa ME	263
Mononyane MB	32,943
Mpakathe TS	-
Mpheqeka MS	30,819
Ndamane SS	3,323
Nkoe MJ	32,675

Notes to the Financial Statements

	2013 R	Restated 2012 R
Northnagel J		-
Powell JD		-
Rampai CLM		-
Titi-Odili LM		6,640
Tsomela MM		-
Van der Merwe RA		-
Viviers BJ		-
Ward VW		13,335
		172,465

Refer to Appendix H for detail information.

Deviation from supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council.

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.

For the financial year there were instances where goods and services were procured and deviated from the normal supply management policy.

The reasons for these deviations were documented and reported to the Accounting Officer who considered them and subsequently approved the deviation from the normal Supply Chain Management Regulations.

Deviations	**2013**	**Number of deviations**
Emergency	895,936	7
Sole supplier	6,619,893	188
Urgent	27,721,208	63
	35,237,037	**258**

Deviations	**2012**	**Number of deviations**
Emergency	51,297,258	41
Sole supplier	1,458,706	102
Urgent	16,714,060	11
	69,470,024	**154**

63. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix E(1) for the comparison of actual operating expenditure versus budgeted expenditure.

64. Actual capital expenditure versus budgeted capital expenditure

Refer to Appendix E(2) for the comparison of actual capital expenditure versus budgeted expenditure.

65. Non-compliance with the MFMA

During the current financial year the following non-compliance issues were identified:

Supply chain management regulations 12(1)(c), 17(1)(a) - (c)
Goods and services of a transaction value between R10,000 and R200,000 were procured without inviting at least three written price quotations from accredited prospective providers and the deviation was not approved by the CFO or his/her delegate.

Supply chain management regulations 36(1)
Goods and services with a transaction value above R200,000 were not procured by means of a competitive bidding process and the deviation was not approved by the accounting officer or his/her delegate in accordance with the supply chain management policy.
Deviations from competitive bidding were approved on the basis of it being an emergency, even though immediate action was not necessary and sufficient time was available to follow a bidding process.
Deviations from competitive bidding were approved on the basis of it being an emergency, even though proper planning would have prevented such emergency.

Municipal Finance Management Act section 2(1)(f)
Contracts were awarded without justification to bidders who did not score the highest points.

Municipal Finance Management Act section 116(2)(b)
The performance of all contractors were not monitored on a monthly basis.

Municipal Finance Management Act section 116(3)(a)
Contracts were amended or extended without tabling the reasons to the council and/or notifying the public.

Mangaung Metropolitan Municipality
Appendix A

Unaudited
Schedule of external loans as at 30 June 2012

	Loan Number	Redeemable Date	Balance at 30 June 2012 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2013 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Development Bank of South Africa								
DBSA @ 12.62%	103433/01	31 March 2026	42,761,225	9,714,538	5,377,299	47,098,464	10,098,000	-
DBSA @ 6.75%	103433/02	31 March 2026	10,861,564	122,692,931	7,900,919	125,653,576	80,439,672	-
DBSA Bloemfontein @ 10%	8001/104	31 December 2015	8,464,406	-	2,130,796	6,333,610	10,454,264	-
			62,087,195	**132,407,469**	**15,409,014**	**179,085,650**	**100,991,936**	**-**

Total external loans

Development Bank of South Africa	62,087,195	132,407,469	15,409,014	179,085,650	100,991,936	-
	62,087,195	**132,407,469**	**15,409,014**	**179,085,650**	**100,991,936**	**-**

Mangaung Metropolitan Municipality
Mangaung Metropolitan Municipality
Appendix B

Audited
Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2013

	Cost							Accumulated depreciation				
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Write-offs Rand	Closing Balance Rand	Carrying value Rand
Land and buildings												
Land	1,011,348,371	-	(5,615,403)	-	-	**70,307,209**	**1,076,040,177**	(273,594,477)	(16,916,214)	-	**(290,510,691)**	785,529,486
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Buildings	772,875,915	50,702,269	-	-	-	**61,817,231**	**885,395,415**	(50,303,742)	(20,979,545)	-	**(71,283,287)**	814,112,128
Work in Progress	89,285,131	103,768,243	-	-	(44,159,970)	**-**	**148,893,404**	-	-	-	**-**	148,893,404
	1,873,509,417	**154,470,512**	**(5,615,403)**	**-**	**(44,159,970)**	**132,124,440**	**2,110,328,996**	**(323,898,219)**	**(37,895,759)**	**-**	**(361,793,978)**	**1,748,535,018**
Infrastructure												
Bridges	50,008,567	-	-	-	-	**-**	**50,008,567**	(3,712,725)	(777,100)	-	**(4,489,825)**	45,518,742
Intersections	45,584,823	-	-	-	-	**-**	**45,584,823**	(25,324,902)	(5,061,514)	-	**(30,386,416)**	15,198,407
Road Furniture	28,135,128	-	-	-	-	**-**	**28,135,128**	(12,548,107)	(1,644,928)	-	**(14,193,035)**	13,942,093
Street lights	25,588,536	-	-	-	-	**-**	**25,588,536**	(2,274,537)	(568,245)	-	**(2,842,782)**	22,745,754
Sanitation	266,043,129	-	-	-	-	**-**	**266,043,129**	(58,406,674)	(11,593,113)	-	**(69,999,787)**	196,043,342
Side walks	381,575,358	-	-	-	-	**-**	**381,575,358**	(50,876,714)	(12,710,473)	-	**(63,587,187)**	317,988,171
Water	300,054,386	-	-	-	-	**-**	**300,054,386**	(59,227,750)	(11,761,709)	-	**(70,989,459)**	229,064,927
Rail road siding	23,337,859	-	-	-	-	**-**	**23,337,859**	(4,696,481)	(938,653)	-	**(5,635,134)**	17,702,725
Roads	2,179,291,847	-	-	-	-	**-**	**2,179,291,847**	(627,454,739)	(109,887,808)	-	**(737,342,547)**	1,441,949,300
Stormwater	3,004,338	-	-	-	-	**-**	**3,004,338**	(623,888)	(118,472)	-	**(742,360)**	2,261,978
Sportsgrounds and stadiums	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Water meters	79,051,243	7,353,840	-	-	-	**-**	**86,405,083**	(25,163,844)	(3,926,812)	-	**(29,090,656)**	57,314,427
Water and sanitation	1,773,205,696	-	-	-	-	**-**	**1,773,205,696**	(182,987,130)	(36,587,631)	-	**(219,574,761)**	1,553,630,935
White city infrastructure	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Zoo	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in Progress	408,141,130	552,866,641	-	-	(101,168,983)	**-**	**859,838,788**	-	-	-	**-**	859,838,788
	5,563,022,040	**560,220,481**	**-**	**-**	**(101,168,983)**	**-**	**6,022,073,538**	**(1,053,297,491)**	**(195,576,458)**	**-**	**(1,248,873,949)**	**4,773,199,589**
Community Assets												
Parks	46,736,428	-	-	-	-	**-**	**46,736,428**	(8,684,233)	(1,805,702)	-	**(10,489,935)**	36,246,493
Fresh produce market	53,350,749	1,051,900	-	-	-	**-**	**54,402,649**	(20,659,424)	(3,857,300)	-	**(24,516,724)**	29,885,925
Landfill sites	22,347,526	5,802,731	(31,356)	-	-	**-**	**28,118,901**	(6,753,317)	(1,019,202)	22,075	**(7,750,444)**	20,368,457
Sport Grounds	55,578,711	-	-	-	-	**-**	**55,578,711**	(11,155,284)	(2,171,908)	-	**(13,327,192)**	42,251,519
Swimming pools	27,750,646	-	-	-	-	**-**	**27,750,646**	(7,946,392)	(1,668,500)	-	**(9,614,892)**	18,135,754
Stadiums	126,328,376	-	-	-	-	**-**	**126,328,376**	(31,974,856)	(6,422,623)	-	**(38,397,479)**	87,930,897
Clinics	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Museums & art galleries	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Social rental housing	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Cemeteries	40,297,307	5,440,463	-	-	-	**-**	**45,737,770**	(13,064,258)	(2,971,512)	-	**(16,035,770)**	29,702,000
Fire, safety & emergency	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Security and policing	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in Progress	20,804,017	33,946,295	-	-	(5,757,112)	**-**	**48,993,200**	-	-	-	**-**	48,993,200
	393,193,760	**46,241,389**	**(31,356)**	**-**	**(5,757,112)**	**-**	**433,646,681**	**(100,237,764)**	**(19,916,747)**	**22,075**	**(120,132,436)**	**313,514,245**

Audited
Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2013

	Cost							Accumulated depreciation				
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Write-offs Rand	Closing Balance Rand	Carrying value Rand
Heritage assets												
Buildings	78,566,066	-	-	-	-	**199,349,134**	**277,915,200**	-	-	-	**-**	277,915,200
Nature Reserve	4,821,624	3,892,105	-	-	-	**-**	**8,713,729**	-	-	-	**-**	8,713,729
Work in Progress	-	10,601,508	-	-	-	**-**	**10,601,508**	-	-	-	**-**	10,601,508
	83,387,690	**14,493,613**	**-**	**-**	**-**	**199,349,134**	**297,230,437**	**-**	**-**	**-**	**-**	**297,230,437**
Specialised vehicles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets												
CCTV systems	51,766,886	2,984,880	-	-	-	**-**	**54,751,766**	(12,455,340)	(5,145,529)	-	**(17,600,869)**	37,150,897
Zoo	47,240,586	-	-	-	-	**-**	**47,240,586**	(9,104,806)	(2,059,715)	-	**(11,164,521)**	36,076,065
Firearms	797,752	-	(2,961)	-	-	**-**	**794,791**	(148,243)	(35,712)	817	**(183,138)**	611,653
Motor Vehicles	177,052,229	1,291,512	-	-	-	**-**	**178,343,741**	(40,746,433)	(5,332,802)	-	**(46,079,235)**	132,264,506
Tools, Plant and equipment	5,381,313	6,573,805	-	-	-	**-**	**11,955,118**	(1,818,576)	(665,282)	-	**(2,483,858)**	9,471,260
Furniture and Office Equipment	26,505,540	8,925,250	-	-	-	**-**	**35,430,790**	(4,230,383)	(2,905,012)	-	**(7,135,395)**	28,295,395
Capitilised leased assets	13,413,482	6,279,688	-	-	-	**-**	**19,693,170**	(7,544,591)	(4,349,104)	-	**(11,893,695)**	7,799,475
Hawker stalls	722,134	-	-	-	-	**-**	**722,134**	(72,213)	(24,055)	-	**(96,268)**	625,866
Environmental facilities	1,926,911	-	-	-	-	**-**	**1,926,911**	(481,728)	(120,349)	-	**(602,077)**	1,324,834
Zoo animals	3,769,761	543,203	(683,810)	-	-	**-**	**3,629,154**	(162,300)	(176,721)	27,436	**(311,585)**	3,317,569
Security measures	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Civic land and buildings	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other buildings	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other land	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Bins and Containers	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in progress	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Tools, Plant and Equipment	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other Assets - Leased	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Housing development	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in Progress	-	1,126,720	-	-	-	**-**	**1,126,720**	-	-	-	**-**	1,126,720
	328,576,594	**27,725,058**	**(686,771)**	**-**	**-**	**-**	**355,614,881**	**(76,764,613)**	**(20,814,281)**	**28,253**	**(97,550,641)**	**258,064,240**

Audited

Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2013

	Cost							Accumulated depreciation				
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Write-offs Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment												
Land and buildings	1,873,509,417	154,470,512	(5,615,403)	-	(44,159,970)	**132,124,440**	**2,110,328,996**	(323,898,219)	(37,895,759)	-	**(361,793,978)**	1,748,535,018
Infrastructure	5,563,022,040	560,220,481	-	-	(101,168,983)	**-**	**6,022,073,538**	(1,053,297,491)	(195,576,458)	-	**(1,248,873,949)**	4,773,199,589
Community Assets	393,193,760	46,241,389	(31,356)	-	(5,757,112)	**-**	**433,646,681**	(100,237,764)	(19,916,747)	22,075	**(120,132,436)**	313,514,245
Heritage assets	83,387,690	14,493,613	-	-	-	**199,349,134**	**297,230,437**	-	-	-	**-**	297,230,437
Specialised vehicles	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other assets	328,576,594	27,725,058	(686,771)	-	-	**-**	**355,614,881**	(76,764,613)	(20,814,281)	28,253	**(97,550,641)**	258,064,240
	8,241,689,501	**803,151,053**	**(6,333,530)**	**-**	**(151,086,065)**	**331,473,574**	**9,218,894,533**	**(1,554,198,087)**	**(274,203,245)**	**50,328**	**(1,828,351,004)**	**7,390,543,529**
Finance Leases	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets												
Computers - software & programming	9,700,947	6,529	-	-	-	**-**	**9,707,476**	(2,181,897)	(319,086)	-	**(2,500,983)**	7,206,493
Servitudes	32,000	-	-	-	-	**-**	**32,000**	-	-	-	**-**	32,000
Work in Progress	-	1,658,300	-	-	-	**-**	**1,658,300**	-	-	-	**-**	1,658,300
	9,732,947	**1,664,829**	**-**	**-**	**-**	**-**	**11,397,776**	**(2,181,897)**	**(319,086)**	**-**	**(2,500,983)**	**8,896,793**
Investment properties												
Investment property	2,794,795,627	1,486,613	-	-	-	**-**	**2,796,282,240**	-	-	-	**-**	2,796,282,240
	2,794,795,627	**1,486,613**	**-**	**-**	**-**	**-**	**2,796,282,240**	**-**	**-**	**-**	**-**	**2,796,282,240**
Total												
Land and buildings	1,873,509,417	154,470,512	(5,615,403)	-	(44,159,970)	**132,124,440**	**2,110,328,996**	(323,898,219)	(37,895,759)	-	**(361,793,978)**	1,748,535,018
Infrastructure	5,563,022,040	560,220,481	-	-	(101,168,983)	**-**	**6,022,073,538**	(1,053,297,491)	(195,576,458)	-	**(1,248,873,949)**	4,773,199,589
Community Assets	393,193,760	46,241,389	(31,356)	-	(5,757,112)	**-**	**433,646,681**	(100,237,764)	(19,916,747)	22,075	**(120,132,436)**	313,514,245
Heritage assets	83,387,690	14,493,613	-	-	-	**199,349,134**	**297,230,437**	-	-	-	**-**	297,230,437
Specialised vehicles	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other assets	328,576,594	27,725,058	(686,771)	-	-	**-**	**355,614,881**	(76,764,613)	(20,814,281)	28,253	**(97,550,641)**	258,064,240
Finance Leases	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Intangible assets	9,732,947	1,664,829	-	-	-	**-**	**11,397,776**	(2,181,897)	(319,086)	-	**(2,500,983)**	8,896,793
Investment properties	2,794,795,627	1,486,613	-	-	-	**-**	**2,796,282,240**	-	-	-	**-**	2,796,282,240
	11,046,218,075	**806,302,495**	**(6,333,530)**	**-**	**(151,086,065)**	**331,473,574**	**12,026,574,549**	**(1,556,379,984)**	**(274,522,331)**	**50,328**	**(1,830,851,987)**	**10,195,722,562**

Mangaung Metropolitan Municipality
Mangaung Metropolitan Municipality
Appendix B
June 2013

Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation				
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposals Rand	Closing Balance Rand	Carrying value Rand
Land and buildings												
Land	1,001,714,756	-	(3,000)	-	-	**9,636,616**	**1,011,348,372**	(256,678,264)	(16,916,214)	-	**(273,594,478)**	737,753,894
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Buildings	410,435,313	354,194,992	-	-	-	**8,245,609**	**772,875,914**	(38,988,041)	(11,315,701)	-	**(50,303,742)**	722,572,172
Work in Progress	417,874,449	19,478,891	-	-	(348,068,209)	**-**	**89,285,131**	-	-	-	**-**	89,285,131
	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
	1,830,024,518	**373,673,883**	**(3,000)**	**-**	**(348,068,209)**	**17,882,225**	**1,873,509,417**	**(295,666,305)**	**(28,231,915)**	**-**	**(323,898,220)**	**1,549,611,197**
Infrastructure												
Bridges	50,008,567	-	-	-	-	**-**	**50,008,567**	(2,935,093)	(777,632)	-	**(3,712,725)**	46,295,842
Intersections	45,584,823	-	-	-	-	**-**	**45,584,823**	(20,259,921)	(5,064,980)	-	**(25,324,901)**	20,259,922
Road furniture	28,135,128	-	-	-	-	**-**	**28,135,128**	(10,902,052)	(1,646,055)	-	**(12,548,107)**	15,587,021
Street lights	25,588,536	-	-	-	-	**-**	**25,588,536**	(1,705,902)	(568,634)	-	**(2,274,536)**	23,314,000
Landfill sites	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Sanitation	266,043,129	-	-	-	-	**-**	**266,043,129**	(46,762,467)	(11,644,207)	-	**(58,406,674)**	207,636,455
Side Wakes	381,575,358	-	-	-	-	**-**	**381,575,358**	(38,157,536)	(12,719,179)	-	**(50,876,715)**	330,698,643
Rail road siding	23,337,859	-	-	-	-	**-**	**23,337,859**	(3,757,185)	(939,296)	-	**(4,696,481)**	18,641,378
Roads	2,161,111,971	18,179,876	-	-	-	**-**	**2,179,291,847**	(509,246,631)	(118,208,109)	-	**(627,454,740)**	1,551,837,107
Water	300,054,386	-	-	-	-	**-**	**300,054,386**	(47,425,728)	(11,802,022)	-	**(59,227,750)**	240,826,636
Stormwater	3,004,338	-	-	-	-	**-**	**3,004,338**	(505,334)	(118,553)	-	**(623,887)**	2,380,451
Water meters	67,135,757	11,915,485	-	-	-	**-**	**79,051,242**	(21,834,319)	(3,329,525)	-	**(25,163,844)**	53,887,398
Water and sanitation	1,773,205,696	-	-	-	-	**-**	**1,773,205,696**	(146,245,186)	(36,741,944)	-	**(182,987,130)**	1,590,218,566
Halker stalls	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
White city infrastructure	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in Progress	149,926,837	269,924,096	-	-	(11,787,070)	**-**	**408,063,863**	-	-	-	**-**	408,063,863
	5,274,712,385	**300,019,457**	**-**	**-**	**(11,787,070)**	**-**	**5,562,944,772**	**(849,737,354)**	**(203,560,136)**	**-**	**(1,053,297,490)**	**4,509,647,282**
Community assets												
Parks	46,736,428	-	-	-	-	**-**	**46,736,428**	(6,873,232)	(1,811,001)	-	**(8,684,233)**	38,052,195
Cemetries	40,297,307	-	-	-	-	**-**	**40,297,307**	(10,166,999)	(2,897,259)	-	**(13,064,258)**	27,233,049
Fresh produce market	53,350,749	-	-	-	-	**-**	**53,350,749**	(16,330,778)	(4,328,646)	-	**(20,659,424)**	32,691,325
Landfill sites	22,347,526	-	-	-	-	**-**	**22,347,526**	(5,757,257)	(996,061)	-	**(6,753,318)**	15,594,208
Sport grounds	55,578,711	-	-	-	-	**-**	**55,578,711**	(8,937,109)	(2,218,175)	-	**(11,155,284)**	44,423,427
Swimming pools	22,301,739	5,448,907	-	-	-	**-**	**27,750,646**	(6,260,999)	(1,685,393)	-	**(7,946,392)**	19,804,254
Stadiums	126,328,376	-	-	-	-	**-**	**126,328,376**	(25,522,677)	(6,452,178)	-	**(31,974,855)**	94,353,521
Work in Progress	450,000	20,444,371	-	-	(90,353)	**-**	**20,804,018**	-	-	-	**-**	20,804,018
	367,390,836	**25,893,278**	**-**	**-**	**(90,353)**	**-**	**393,193,761**	**(79,849,051)**	**(20,388,713)**	**-**	**(100,237,764)**	**292,955,997**

Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation				
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposals Rand	Closing Balance Rand	Carrying value Rand
Heritage assets												
Buildings	80,721,000	-	-	-	-	**(2,154,934)**	**78,566,066**	-	-	-	**-**	78,566,066
Nature Reserve	4,821,624	-	-	-	-	**-**	**4,821,624**	-	-	-	**-**	4,821,624
	85,542,624	**-**	**-**	**-**	**-**	**(2,154,934)**	**83,387,690**	**-**	**-**	**-**	**-**	**83,387,690**
Specialised vehicles	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other assets												
CCTV	38,718,208	13,048,678	-	-	-	**-**	**51,766,886**	(7,541,397)	(4,913,943)	-	**(12,455,340)**	39,311,546
Zoo	47,240,586	-	-	-	-	**-**	**47,240,586**	(7,043,680)	(2,061,125)	-	**(9,104,805)**	38,135,781
Firearms	795,352	2,400	-	-	-	**-**	**797,752**	(111,604)	(36,638)	-	**(148,242)**	649,510
Motor vehicles	177,052,229	-	-	-	-	**-**	**177,052,229**	(35,387,640)	(5,358,793)	-	**(40,746,433)**	136,305,796
Tools, plant and equipment	4,239,293	1,142,020	-	-	-	**-**	**5,381,313**	(1,375,325)	(443,251)	-	**(1,818,576)**	3,562,737
Furniture and office equipment	14,741,780	11,763,759	-	-	-	**-**	**26,505,539**	(2,509,148)	(1,721,235)	-	**(4,230,383)**	22,275,156
Capitalised leased assets	8,937,783	4,815,570	-	-	-	**(339,871)**	**13,413,482**	(5,495,418)	(2,389,044)	339,871	**(7,544,591)**	5,868,891
Hawker Stalls	722,134	-	-	-	-	**-**	**722,134**	(48,142)	(24,071)	-	**(72,213)**	649,921
Environmental facilities	1,926,911	-	-	-	-	**-**	**1,926,911**	(361,296)	(120,432)	-	**(481,728)**	1,445,183
Zoo animals	3,819,798	414,753	(464,790)	-	-	**-**	**3,769,761**	-	(170,378)	8,077	**(162,301)**	3,607,460
Security measures	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Civic land and buildings	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other buildings	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other land	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Bins and Containers	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in progress	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Tools, Plant and Equipment	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other Assets - Leased	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Housing development	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Work in Progress	-	482,395	-	-	(482,395)	**-**	**-**	-	-	-	**-**	-
	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
	298,194,074	**31,669,575**	**(464,790)**	**-**	**(482,395)**	**(339,871)**	**328,576,593**	**(59,873,650)**	**(17,238,910)**	**347,948**	**(76,764,612)**	**251,811,981**

Analysis of Infrastructure Property, Plant and Equipment as at 30 June 2012

Cost/Revaluation — Accumulated depreciation

	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	WIP Transfer Out Rand	Revaluations Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Disposals Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment												
Land and buildings	1,830,024,518	373,673,883	(3,000)	-	(348,068,209)	**17,882,225**	**1,873,509,417**	(295,666,305)	(28,231,915)	-	**(323,898,220)**	1,549,611,197
Infrastructure	5,274,712,385	300,019,457	-	-	(11,787,070)	**-**	**5,562,944,772**	(849,737,354)	(203,560,136)	-	**(1,053,297,490)**	4,509,647,282
Community assets	367,390,836	25,893,278	-	-	(90,353)	**-**	**393,193,761**	(79,849,051)	(20,388,713)	-	**(100,237,764)**	292,955,997
Heritage assets	85,542,624	-	-	-	-	**(2,154,934)**	**83,387,690**	-	-	-	**-**	83,387,690
Specialised vehicles	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other assets	298,194,074	31,669,575	(464,790)	-	(482,395)	**(339,871)**	**328,576,593**	(59,873,650)	(17,238,910)	347,948	**(76,764,612)**	251,811,981
	7,855,864,437	**731,256,193**	**(467,790)**	**-**	**(360,428,027)**	**15,387,420**	**8,241,612,233**	**(1,285,126,360)**	**(269,419,674)**	**347,948**	**(1,554,198,086)**	**6,687,414,147**
	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets												
Computers - software & programming	9,352,543	363,327	(14,923)	-	-	**-**	**9,700,947**	(1,868,746)	(328,074)	14,923	**(2,181,897)**	7,519,050
Servitudes	14,000	-	-	-	-	**-**	**14,000**	-	-	-	**-**	14,000
Work in Progress	18,000	-	-	-	-	**-**	**18,000**	-	-	-	**-**	18,000
	9,384,543	**363,327**	**(14,923)**	**-**	**-**	**-**	**9,732,947**	**(1,868,746)**	**(328,074)**	**14,923**	**(2,181,897)**	**7,551,050**
Investment properties												
Investment property	2,481,380,992	313,465,127	(50,492)	-	-	**-**	**2,794,795,627**	-	-	-	**-**	2,794,795,627
	2,481,380,992	**313,465,127**	**(50,492)**	**-**	**-**	**-**	**2,794,795,627**	**-**	**-**	**-**	**-**	**2,794,795,627**
Total												
Land and buildings	1,830,024,518	373,673,883	(3,000)	-	(348,068,209)	**17,882,225**	**1,873,509,417**	(295,666,305)	(28,231,915)	-	**(323,898,220)**	1,549,611,197
Infrastructure	5,274,712,385	300,019,457	-	-	(11,787,070)	**-**	**5,562,944,772**	(849,737,354)	(203,560,136)	-	**(1,053,297,490)**	4,509,647,282
Community assets	367,390,836	25,893,278	-	-	(90,353)	**-**	**393,193,761**	(79,849,051)	(20,388,713)	-	**(100,237,764)**	292,955,997
Heritage assets	85,542,624	-	-	-	-	**(2,154,934)**	**83,387,690**	-	-	-	**-**	83,387,690
Specialised vehicles	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Other assets	298,194,074	31,669,575	(464,790)	-	(482,395)	**(339,871)**	**328,576,593**	(59,873,650)	(17,238,910)	347,948	**(76,764,612)**	251,811,981
Finance Leases	-	-	-	-	-	**-**	**-**	-	-	-	**-**	-
Intangible assets	9,384,543	363,327	(14,923)	-	-	**-**	**9,732,947**	(1,868,746)	(328,074)	14,923	**(2,181,897)**	7,551,050
Investment properties	2,481,380,992	313,465,127	(50,492)	-	-	**-**	**2,794,795,627**	-	-	-	**-**	2,794,795,627
	0,346,629,972	**1,045,084,647**	**(533,205)**	**-**	**(360,428,027)**	**15,387,420**	**1,046,140,807**	**(1,286,995,106)**	**(269,747,748)**	**362,871**	**(1,556,379,983)**	**9,489,760,824**

Mangaung Metropolitan Municipality
Appendix C

Unaudited
Segmental analysis of Property, Plant and Equipment as at 30 June 2012

	Cost					Accumulated Depreciation				
	Opening Balance Rand	Additions Rand	Transfers Rand	Disposals Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Depreciation Rand	Closing Balance Rand	Carrying value Rand
Entity										
Office of the City Manager	10,897,095	12,467,105	1,544,826	(339,871)	**24,569,155**	(6,727,893)	339,871	(2,184,267)	**(8,572,289)**	15,996,866
Corporate Services	1,228,567,170	20,814,681	78,126,491	(14,923)	**1,327,493,419**	(41,384,751)	14,923	(10,691,823)	**(52,331,329)**	1,275,162,090
Finance	9,942,757	55,332	-	-	**9,998,089**	(1,755,346)	-	(655,925)	**(2,411,271)**	7,586,818
Community and Social Development	190,952,299	20,010,588	489,545	(942,975)	**210,509,457**	(32,894,715)	-	(12,553,182)	**(45,447,897)**	165,061,560
Economic Development and Planning	1,601,155,747	111,018,044	29,671,066	(3,000)	**1,741,841,857**	(4,798,154)	-	(1,718,229)	**(6,780,551)**	1,735,061,306
Engineering Services	3,549,188,422	126,419,067	-	-	**3,675,607,489**	(623,872,839)	-	(167,142,708)	**(791,015,547)**	2,884,591,942
Housing	224,375	364,066	-	-	**588,441**	(39,613)	-	(14,300)	**(53,913)**	534,528
Fresh Produce Market	53,984,326	23,850	-	-	**54,008,176**	(16,477,784)	-	(4,364,099)	**(20,841,883)**	33,166,293
Water	2,712,992,929	183,794,125	-	-	**2,896,787,054**	(343,232,862)	-	(96,077,041)	**(439,309,903)**	2,457,477,151
	9,357,905,120	**474,966,858**	**109,831,928**	**(1,300,769)**	**9,941,403,137**	**(1,071,183,957)**	**354,794**	**(295,401,574)**	**(1,366,764,583)**	**8,574,638,554**
Total	**9,357,905,120**	**474,966,858**	**109,831,928**	**(1,300,769)**	**9,941,403,137**	**(1,071,183,957)**	**354,794**	**(295,401,574)**	**(1,366,764,583)**	**8,574,638,554**

Mangaung Metropolitan Municipality
Appendix D

Unaudited
Segmental Statement of Financial Performance for the year ended

Prior Year 30 June 2012				Current Year 30 June 2013		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Entity			
638,346,749	-	638,346,749	Rates Revenue: Property Rates	957,314,634	-	957,314,634
28,760	93,035,634	(93,006,874)	City Manager	10,758	153,421,201	(153,410,443)
6,034,317	279,279,535	(273,245,218)	Corporate services	6,498,210	203,099,862	(196,601,652)
32,091,390	77,154,260	(45,062,870)	Finance	118,433,912	149,637,655	(31,203,743)
7,729,211	180,205,020	(172,475,809)	Community & Social Services	12,561,807	274,600,999	(262,039,192)
9,341,286	57,617,308	(48,276,022)	Economic Development and Planning	4,772,881	53,084,398	(48,311,517)
17,279,723	12,941,708	4,338,015	Fresh Produce Market	18,746,080	16,852,950	1,893,130
346,475,587	104,637,995	241,837,592	Infrastructural Services	296,247,420	572,384,411	(276,136,991)
605,845,895	351,536,788	254,309,107	Water	589,146,454	588,529,592	616,862
925,597,459	709,577,140	216,020,319	Miscellaneous Services	1,218,232,416	552,054,764	666,177,652
95,242,822	15,518,674	79,724,148	Housing	16,800,198	64,839,073	(48,038,875)
9,260,960	628,317,266	(619,056,306)	Regional Operations	-	21,789,242	(21,789,242)
-	-	-	Provisions	-	-	-
2,693,274,159	**2,509,821,328**	**183,452,831**		**3,238,764,770**	**2,650,294,147**	**588,470,623**

Mangaung Metropolitan Municipality
Appendix E(1)

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

	Act. Bal. Year to Date Rand	Adjusted budget Year to Date Rand	Variance Rand	Var
Revenue				
Sale of goods	-	-	-	-
Sale of goods in agricultural activities	-	-	-	-
Rendering of services	-	-	-	-
Rendering of services in agricultural activities	-	-	-	-
Property rates	514,177,402	493,976,301	20,201,101	4.1
Service charges	716,277,802	709,494,462	6,783,340	1.0
	-	-	-	-
	-	-	-	-
Sales of housing	-	-	-	-
Construction contracts	-	-	-	-
Royalty income	-	-	-	-
Rental of facilities and equipment	17,877,975	22,662,669	(4,784,694)	(21.1)
Interest received (trading)	-	-	-	-
Dividends received	-	-	-	-
Income from agency services	106,046,017	3,527,407	102,518,610	2,906.3
	-	-	-	-
Fines	3,828,695	4,062,882	(234,187)	(5.8)
Licences and permits	431,225	796,632	(365,407)	(45.9)
Government grants	1,296,186,619	1,485,338,971	(189,152,352)	(12.7)
Municipal Revenue UD1	-	-	-	-
Municipal Revenue UD2	-	-	-	-
Seconded personnel	-	198,303,690	(198,303,690)	(100.0)
	-	-	-	-
Miscellaneous other revenue	-	-	-	-
Administration and management fees received	-	-	-	-
Fees earned	-	-	-	-
Commissions received	-	-	-	-
Royalties received	-	-	-	-
Rental income	-	-	-	-
Discount received	-	-	-	-
Recoveries	-	-	-	-
FRESHCO Housing Development	-	-	-	-
Regional operations	-	-	-	-
Financial intruments - Fee income	-	-	-	-
Other income	102,307,787	71,865,989	30,441,798	42.4
Public contributions and donations	-	24,767,424	(24,767,424)	(100.0)
Other farming income 2	-	-	-	-
Other farming income 3	-	-	-	-
Other farming income 4	-	-	-	-
Other farming income	-	-	-	-
Government grants	-	-	-	-

Mangaung Metropolitan Municipality
Appendix E(1)

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

	Act. Bal. Year to Date	Adjusted budget Year to Date	Variance	
Interest received - investment	481,631,247	471,743,673	9,887,574	2.1
Interest received - other	-	-	-	-
Dividends received	-	-	-	-
	3,238,764,769	3,486,540,100	(247,775,331)	(7.1)
Expenses				
Office of the City Manager	(153,421,201)	(184,211,932)	30,790,731	(16.7)
Corporate Services	(203,099,862)	(217,599,139)	14,499,277	(6.7)
Finance	(149,637,655)	(143,035,695)	(6,601,960)	4.6
Community and Social Development	(274,600,999)	(310,310,744)	35,709,745	(11.5)
Economic Development and Planning	(53,084,398)	(79,596,637)	26,512,239	(33.3)
Infrastructural Services	(572,384,411)	(583,220,841)	10,836,430	(1.9)
Miscellaneous Services	(552,054,764)	(612,829,073)	60,774,309	(9.9)
Housing and human settlement	(64,839,073)	(77,514,018)	12,674,945	(16.4)
Fresh Produce Market	(16,852,950)	(17,212,057)	359,107	(2.1)
Water	(588,529,592)	(585,213,658)	(3,315,934)	0.6
Regional Operations	(21,789,242)	(38,208,126)	16,418,884	(43.0)
Collection costs	-	-	-	-
Repairs and maintenance - Manufacturing expenses	-	-	-	-
Depreciation written back	-	-	-	-
Cost of housing sold	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
Other (taken out of General expenses)	-	-	-	-
	(2,650,294,147)	(2,848,951,920)	198,657,773	(7.0)
Other revenue and costs				
Gain or loss on fair value adjustments of assets	1,486,613	-	1,486,613	-
Gain or loss on exchange differences	-	-	-	-
Actuariel Gain/(Loss)	(74,337,266)	-	(74,337,266)	-
Loss on disposal of assets	(12,701)	-	(12,701)	-
Gain on revaluation of Investment Property	-	-	-	-
Gain or loss on disposal of non-current assets	1,363,910	39,536	1,324,374	3,349.8
Non Current Assets	-	-	-	-
Discontinued operations	-	-	-	-
	(71,499,444)	39,536	(71,538,980)	(180,946.4)

Mangaung Metropolitan Municipality
Appendix E(1)

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

	Act. Bal. Year to Date	Adjusted budget Year to Date	Variance	
Net surplus/ (deficit) for the year	516,971,178	637,627,716	(120,656,538)	(18.9)

Mangaung Metropolitan Municipality
Appendix E(2)

Audited
Actual versus Budget (Aquisition of Property, Plant and Equipment) as at 30 June 2013

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %
Entity				
Corporate services	43,619,545	55,705,859	12,086,314	**22**
Finance	2,780,834	3,580,000	799,166	**22**
Community & Social Services	13,655,604	35,272,710	21,617,106	**61**
Economic Development and Planning	42,647,251	52,058,790	9,411,539	**18**
Engineering services	312,170,476	444,885,703	132,715,227	**30**
Human Settlement and Housing	22,083,437	32,747,277	10,663,840	**33**
Fresh Produce Market	697,278	827,792	130,514	**16**
Water	154,697,996	179,506,526	24,808,530	**14**
	592,352,421	**804,584,657**	**212,232,236**	**26**

Mangaung Metropolitan Municipality
Appendix F
Unaudited
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts				Quarterly Expenditure				Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Sep	Dec	Mar	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Equitable Share	National Government	253,598,000	202,878,000	156,044,711	-	190,198,500	114,119,000	152,158,500	156,044,711	No	Yes	N/A
Public Transport Infra & System Grant	National Government	5,000,000	-	15,000,000	-	2,279,661	1,166,591	325,352	7,566,636	Yes	Yes	Could not rolled over since it was older than 2 years
DWAF Grant Water Conservation	National Government	-	4,262,324	5,229,576	503,100	-	5,792,664	2,116,098	1,631,222	No	Yes	N/A
Mig Grant Capacity Building	National Government	-	-	-	-	-	-	-	-	No	Yes	N/A
Financial Management Grant	National Government	1,500,000	-	-	-	190,218	295,836	245,602	1,228,497	No	Yes	N/A
Municipal System Improvement Grant	National Government	-	-	-	-	-	-	-	831,151	No	Yes	N/A
Housing Accreditation Subsidy	Provincial Government	-	-	-	-	-	28,803	-	24,239	No	Yes	N/A
EPWP Grant	National Government	2,366,000	1,774,000	1,774,000	-	-	-	-	1,852,693	No	Yes	N/A
Environmental Impact Asessment Grant	National Government	916,000	-	-	-	893,522	-	-	22,478	No	Yes	N/A
Sustainable Human Settlement Support Grant	National Government	-	-	-	-	-	-	-	-	No	Yes	N/A
Department Water Affairs Grant	National Government	-	-	6,000,000	-	-	-	-	-	No	Yes	N/A
Provincial Grant Hlasela Proj -Re Ba Ikemetseng Bomme	Provincial Government	-	-	-	-	-	100,000	-	-	No	Yes	N/A
Provincial Grant CCTV For BFN CBD Stadium Navil Hill	Provincial Government	-	-	-	-	-	4,926,707	2,339,633	3,167,935	No	Yes	N/A
Provincial Grant Upgrading Roads in Batho	Provincial Government	-	-	-	-	-	2,087,547	2,533,202	986,104	No	Yes	N/A
Provincial Grant - Du Plessis /Muller Intersection	Provincial Government	-	-	-	-	-	-	-	554,640	No	Yes	N/A
Provincial Grant Hlasela Proj - Batho Car Wash	Provincial Provincial Government	-	-	-	-	-	60,000	30,000	-	No	Yes	N/A
Urban Settlment Development Grant	National Government	200,000,000	142,983,500	142,983,500	-	60,069,430	111,224,615	101,451,009	214,746,713	No	Yes	N/A
Fuel Levy	National Government	79,234,667	79,234,667	79,234,667	-	59,426,000	59,426,000	59,426,000	59,426,000	No	Yes	N/A
Ntsika Economic Summit	National Government	-	-	-	-	-	-	-	-	No	Yes	N/A

District Aids Council	National Government	-	-	-	-	-	-	-	-	No	Yes	N/A
National Electrification Program Grant	National Government	4,500,000	20,500,000	-	-	-	-	25,000,000	-	No	Yes	N/A
Electricity Site Management Grant	National Government	-	-	-	-	-	-	-	-	No	Yes	N/A
		547,114,667	451,632,491	406,266,454	503,100	313,057,331	299,227,763	345,625,396	448,083,019			

Mangaung Metropolitan Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2013/2012													2012/2011	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	R
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Revenue - Standard															
Governance and administration	**2,094,852,516**	**417,484,903**	**2,512,337,419**	**-**		**2,512,337,419**	**1,660,414,105**		**(851,923,314)**	**66 %**	**79 %**				
Executive and council	1,469,829	-	1,469,829	-		1,469,829	-		(1,469,829)	- %	- %				
Budget and treasury office	2,065,865,067	418,684,903	2,484,549,970	-		2,484,549,970	1,647,038,581		(837,511,389)	66 %	80 %				
Corporate services	27,517,620	(1,200,000)	26,317,620	-		26,317,620	13,375,524		(12,942,096)	51 %	49 %				
Community and public safety	**31,812,439**	**(4,720,805)**	**27,091,634**	**-**		**27,091,634**	**15,712,985**		**(11,378,649)**	**58 %**	**49 %**				
Community and social services	8,996,848	(3,720,805)	5,276,043	-		5,276,043	4,961,928		(314,115)	94 %	55 %				
Sport and recreation	530,642	-	530,642	-		530,642	609,187		78,545	115 %	115 %				
Public safety	7,591,480	(1,000,000)	6,591,480	-		6,591,480	4,980,868		(1,610,612)	76 %	66 %				
Housing	14,375,920	-	14,375,920	-		14,375,920	5,158,170		(9,217,750)	36 %	36 %				
Health	317,549	-	317,549	-		317,549	2,832		(314,717)	1 %	1 %				
Economic and environmental services	**21,523,112**	**(13,970,000)**	**7,553,112**	**-**		**7,553,112**	**6,832,942**		**(720,170)**	**90 %**	**32 %**				
Planning and development	5,373,060	-	5,373,060	-		5,373,060	4,772,881		(600,179)	89 %	89 %				
Road transport	1,974,602	-	1,974,602	-		1,974,602	1,920,703		(53,899)	97 %	97 %				
Environmental protection	14,175,450	(13,970,000)	205,450	-		205,450	139,358		(66,092)	68 %	1 %				
Trading services	**2,719,227,712**	**270,834,754**	**2,990,062,466**	**-**		**2,990,062,466**	**2,750,247,557**		**(239,814,909)**	**92 %**	**101 %**				
Electricity	1,854,327,673	270,834,754	2,125,162,427	-		2,125,162,427	1,872,482,521		(252,679,906)	88 %	101 %				
Water	610,173,576	-	610,173,576	-		610,173,576	583,373,929		(26,799,647)	96 %	96 %				
Waste water management	134,241,533	-	134,241,533	-		134,241,533	147,968,845		13,727,312	110 %	110 %				
Waste management	120,484,930	-	120,484,930	-		120,484,930	146,422,262		25,937,332	122 %	122 %				
Other	**20,899,720**	**(1,918,809)**	**18,980,911**	**-**		**18,980,911**	**19,157,519**		**176,608**	**101 %**	**92 %**				
Other	20,899,720	(1,918,809)	18,980,911	-		18,980,911	19,157,519		176,608	101 %	92 %				
Total Revenue - Standard	**4,888,315,499**	**667,710,043**	**5,556,025,542**	**-**		**5,556,025,542**	**4,452,365,108**		**(1,103,660,434)**	**80 %**	**91 %**				

Mangaung Metropolitan Municipality
Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2013

	2013/2012													2012/2011	
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	R
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	
Expenditure - Standard															
Governance and administration	**1,166,499,646**	**83,408,339**	**1,249,907,985**	**-**	**-**	**1,249,907,985**	**943,428,023**	**-**	**(306,479,962)**	**75 %**	**81 %**	**-**	**-**	**-**	
Executive and council	236,362,702	4,227,908	240,590,610	-	-	240,590,610	194,476,334	-	(46,114,276)	81 %	82 %	-	-	-	
Budget and treasury office	662,141,756	76,201,155	738,342,911	-	-	738,342,911	456,868,020	-	(281,474,891)	62 %	69 %	-	-	-	
Corporate services	267,995,188	2,979,276	270,974,464	-	-	270,974,464	292,083,669	-	21,109,205	108 %	109 %	-	-	-	
Community and public safety	**317,651,390**	**28,291,879**	**345,943,269**	**-**	**-**	**345,943,269**	**296,535,883**	**-**	**(49,407,386)**	**86 %**	**93 %**	**-**	**-**	**-**	
Community and social services	98,899,325	13,175,869	112,075,194	-	-	112,075,194	93,181,532	-	(18,893,662)	83 %	94 %	-	-	-	
Sport and recreation	4,438,926	(204,564)	4,234,362	-	-	4,234,362	2,609,789	-	(1,624,573)	62 %	59 %	-	-	-	
Public safety	168,162,958	9,341,589	177,504,547	-	-	177,504,547	157,706,737	-	(19,797,810)	89 %	94 %	-	-	-	
Housing	36,165,247	5,520,331	41,685,578	-	-	41,685,578	33,853,116	-	(7,832,462)	81 %	94 %	-	-	-	
Health	9,984,934	458,654	10,443,588	-	-	10,443,588	9,184,709	-	(1,258,879)	88 %	92 %	-	-	-	
Economic and environmental services	**279,064,586**	**110,603,037**	**389,667,623**	**-**	**-**	**389,667,623**	**305,059,643**	**-**	**(84,607,980)**	**78 %**	**109 %**	**-**	**-**	**-**	
Planning and development	77,737,392	(5,527,264)	72,210,128	-	-	72,210,128	45,109,856	-	(27,100,272)	62 %	58 %	-	-	-	
Road transport	185,093,460	116,511,595	301,605,055	-	-	301,605,055	245,909,428	-	(55,695,627)	82 %	133 %	-	-	-	
Environmental protection	16,233,734	(381,294)	15,852,440	-	-	15,852,440	14,040,359	-	(1,812,081)	89 %	86 %	-	-	-	
Trading services	**2,398,892,681**	**378,653,238**	**2,777,545,919**	**-**	**-**	**2,777,545,919**	**2,132,287,307**	**-**	**(645,258,612)**	**77 %**	**89 %**	**-**	**-**	**-**	
Electricity	1,656,949,185	274,719,428	1,931,668,613	-	-	1,931,668,613	1,328,332,413	-	(603,336,200)	69 %	80 %	-	-	-	
Water	518,064,977	67,148,686	585,213,663	-	-	585,213,663	563,079,162	-	(22,134,501)	96 %	109 %	-	-	-	
Waste water management	116,245,701	34,157,153	150,402,854	-	-	150,402,854	143,290,023	-	(7,112,831)	95 %	123 %	-	-	-	
Waste management	107,632,818	2,627,971	110,260,789	-	-	110,260,789	97,585,709	-	(12,675,080)	89 %	91 %	-	-	-	
Other	**14,206,498**	**3,349,239**	**17,555,737**	**-**	**-**	**17,555,737**	**14,026,148**	**-**	**(3,529,589)**	**80 %**	**99 %**	**-**	**-**	**-**	
Other	14,206,498	3,349,239	17,555,737	-	-	17,555,737	14,026,148	-	(3,529,589)	80 %	99 %	-	-	-	
Total Expenditure - Standard	**4,176,314,801**	**604,305,732**	**4,780,620,533**	**-**	**-**	**4,780,620,533**	**3,691,337,004**	**-**	**(1,089,283,529)**	**77 %**	**88 %**	**-**	**-**	**-**	
Surplus/(Deficit) for the year	**712,000,698**	**63,404,311**	**775,405,009**	**-**		**775,405,009**	**761,028,104**		**(14,376,905)**	**98 %**	**107 %**				

Mangaung Metropolitan Municipality
Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2013

	2013/2012													2012/2011
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to b recovered
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue by Vote														
Vote 1 - City Manager	1,650	-	1,650	-		1,650	92		(1,558)	6 %	6 %			
Vote 2 - Executive Mayor	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			
Vote 3 - Corporate Services	10,164,315	(1,200,000)	8,964,315	-		8,964,315	6,648,015		(2,316,300)	74 %	65 %			
Vote 4 - Finance	961,590,564	74,320,880	1,035,911,444	-		1,035,911,444	1,057,039,341		21,127,897	102 %	110 %			
Vote 5 - Social Services	32,546,261	(18,690,806)	13,855,455	-		13,855,455	11,750,718		(2,104,737)	85 %	36 %			
Vote 6 - Planning	5,373,060	-	5,373,060	-		5,373,060	4,772,881		(600,179)	89 %	89 %			
Vote 7 - Human Settlement and Housing	31,792,890	-	31,792,890	-		31,792,890	11,883,113		(19,909,777)	37 %	37 %			
Vote 8 - Fresh Produce Market	20,560,770	(1,918,809)	18,641,961	-		18,641,961	18,746,080		104,119	101 %	91 %			
Vote 9 - Engineering Services	256,040,408	-	256,040,408	-		256,040,408	295,491,631		39,451,223	115 %	115 %			
Vote 10 - Water Services	610,173,576	-	610,173,576	-		610,173,576	583,373,929		(26,799,647)	96 %	96 %			
Vote 11 - Miscellaneous Services	1,105,739,382	344,364,023	1,450,103,405	-		1,450,103,405	589,999,240		(860,104,165)	41 %	53 %			
Vote 12 - Regional Operations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %			
Vote 13 - Strategic Projects and Service Delivery Regulation	4,950	-	4,950	-		4,950	-		(4,950)	- %	- %			
Vote 14 - Electricity - Centlec (Soc) Limited	1,854,327,673	270,834,754	2,125,162,427	-		2,125,162,427	1,872,660,068		(252,502,359)	88 %	101 %			
Total Revenue by Vote	**4,888,315,499**	**667,710,042**	**5,556,025,541**	**-**		**5,556,025,541**	**4,452,365,108**		**(1,103,660,433)**	**80 %**	**91 %**			
Expenditure by Vote to be appropriated														
Vote 1 - City Manager	43,787,822	1,094,170	44,881,992	-	-	44,881,992	30,235,899	-	(14,646,093)	67 %	69 %	-	-	-
Vote 2 - Executive Mayor	134,047,082	5,290,328	139,337,410	-	-	139,337,410	122,678,541	-	(16,658,869)	88 %	92 %	-	-	-
Vote 3 - Corporate Services	206,889,266	10,702,404	217,591,670	-	-	217,591,670	191,912,240	-	(25,679,430)	88 %	93 %	-	-	-
Vote 4 - Finance	133,283,265	9,752,430	143,035,695	-	-	143,035,695	133,294,021	-	(9,741,674)	93 %	100 %	-	-	-
Vote 5 - Social Services	288,852,300	21,458,443	310,310,743	-	-	310,310,743	272,376,746	-	(37,933,997)	88 %	94 %	-	-	-
Vote 6 - Planning	85,189,907	(5,593,270)	79,596,637	-	-	79,596,637	52,718,865	-	(26,877,772)	66 %	62 %	-	-	-
Vote 7 - Human Settlement and Housing	80,507,134	(2,993,116)	77,514,018	-	-	77,514,018	51,417,141	-	(26,096,877)	66 %	64 %	-	-	-
Vote 8 - Fresh Produce Market	13,861,476	3,350,681	17,212,157	-	-	17,212,157	13,786,876	-	(3,425,281)	80 %	99 %	-	-	-
Vote 9 - Engineering Services	429,750,356	153,470,485	583,220,841	-	-	583,220,841	572,614,765	-	(10,606,076)	98 %	133 %	-	-	-
Vote 10 - Water Services	518,064,977	67,148,681	585,213,658	-	-	585,213,658	563,079,162	-	(22,134,496)	96 %	109 %	-	-	-
Vote 11 - Miscellaneous Services	536,580,667	76,248,406	612,829,073	-	-	612,829,073	331,749,434	-	(281,079,639)	54 %	62 %	-	-	-
Vote 12 - Regional Operations	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-
Vote 13 - Strategic Projects and Service Delivery Regulation	37,851,936	356,189	38,208,125	-	-	38,208,125	21,447,594	-	(16,760,531)	56 %	57 %	-	-	-
Vote 14 - Electricity - Centlec (Soc) Limited	1,667,648,615	264,019,999	1,931,668,614	-	-	1,931,668,614	1,334,025,720	-	(597,642,894)	69 %	80 %	-	-	-
Total Expenditure by Vote	**4,176,314,803**	**604,305,830**	**4,780,620,633**	**-**	**-**	**4,780,620,633**	**3,691,337,004**	**-**	**(1,089,283,629)**	**77 %**	**88 %**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**712,000,696**	**63,404,212**	**775,404,908**	**-**		**775,404,908**	**761,028,104**		**(14,376,804)**	**98 %**	**107 %**			

Mangaung Metropolitan Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue By Source															
Property rates	493,976,301	-	493,976,301	-		493,976,301	514,177		(493,462,124)	- %	- %				463,256
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	1,690,562,734	141,179,171	1,831,741,905	-		1,831,741,905	1,694,773		(1,830,047,132)	- %	- %				1,507,824
Service charges - water revenue	543,286,244	-	543,286,244	-		543,286,244	515,334		(542,770,910)	- %	- %				447,910
Service charges - sanitation revenue	132,361,397	-	132,361,397	-		132,361,397	143,927		(132,217,470)	- %	- %				168,086
Service charges - refuse revenue	33,846,821	-	33,846,821	-		33,846,821	59,877		(33,786,944)	- %	- %				5,241
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	24,792,950	(2,130,281)	22,662,669	-		22,662,669	15,786		(22,646,883)	- %	- %				106,107
Interest earned - external investments	31,717,000	2,300,000	34,017,000	-		34,017,000	31,277		(33,985,723)	- %	- %				16,530
Interest earned - outstanding debtors	23,010,000	201,676,463	224,686,463	-		224,686,463	123,214		(224,563,249)	- %	1 %				75,858
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	5,062,882	(1,000,000)	4,062,882	-		4,062,882	3,648		(4,059,234)	- %	- %				2,885
Licences and permits	765,567	31,065	796,632	-		796,632	431		(796,201)	- %	- %				351
Agency services	3,527,407	-	3,527,407	-		3,527,407	8,603		(3,518,804)	- %	- %				-
Transfers recognised - operational	651,134,000	(804,755)	650,329,245	-		650,329,245	610,134		(649,719,111)	- %	- %				584,676
Other revenue	715,498,235	143,648,230	859,146,465	-		859,146,465	731,185		(858,415,280)	- %	- %				229,752
Gains on disposal of PPE	39,536	-	39,536	-		39,536	-		(39,536)	- %	- %				97,608
Total Revenue (excluding capital transfers and contributions)	**4,349,581,074**	**484,899,893**	**4,834,480,967**	**-**		**4,834,480,967**	**4,452,366**		**(4,830,028,601)**	**- %**	**- %**				**3,706,084**

Mangaung Metropolitan Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget	**Budget Adjustments (i.t.o. s28 and s31 of the MFMA)**	**Final adjustments budget**	**Shifting of funds (i.t.o. s31 of the MFMA)**	**Virement (i.t.o. Council approved policy)**	**Final Budget**	**Actual Outcome**	**Unauthorised expenditure**	**Variance**	**Actual Outcome as % of Final Budget**	**Actual Outcome as % of Original Budget**	**Reported unauthorised expenditure**	**Expenditure authorised in terms of section 32 of MFMA**	**Balance to be recovered**	**Restated Audited Outcome**
	Rand	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**	**Rand**
Expenditure By Type															
Employee related costs	954,589,114	54,841,718	1,009,430,832	-	-	1,009,430,832	1,024,007	-	(1,008,406,825)	- %	- %	-	-	-	860,488
Remuneration of councillors	46,206,994	-	46,206,994	-	-	46,206,994	43,665	-	(46,163,329)	- %	- %	-	-	-	41,318
Debt impairment	142,989,312	-	142,989,312		-	142,989,312	104,201	-	(142,885,111)	- %	- %	-	-	-	439,553
Depreciation & asset impairment	200,157,300	135,267,859	335,425,159		-	335,425,159	293,028	-	(335,132,131)	- %	- %	-	-	-	440,206
Finance charges	65,663,531	98,191,283	163,854,814	-	-	163,854,814	114,523	-	(163,740,291)	- %	- %	-	-	-	56,896
Bulk purchases	1,478,735,184	-	1,478,735,184	-	-	1,478,735,184	1,277,123	-	(1,477,458,061)	- %	- %	-	-	-	1,236,265
Other materials	238,249,929	28,607,526	266,857,455	-	-	266,857,455	174,028	-	(266,683,427)	- %	- %	-	-	-	177,943
Contracted services	180,437,802	141,159,905	321,597,707	-	-	321,597,707	205,701	-	(321,392,006)	- %	- %	-	-	-	129,703
Transfers and grants	140,289,371	247,000	140,536,371	-	-	140,536,371	141,481	-	(140,394,890)	- %	- %	-	-	-	80,514
Other expenditure	728,996,265	145,990,440	874,986,705	-	-	874,986,705	313,580	-	(874,673,125)	- %	- %	-	-	-	358,364
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	3
Total Expenditure	**4,176,314,802**	**604,305,731**	**4,780,620,533**	**-**	**-**	**4,780,620,533**	**3,691,337**	**-**	**(4,776,929,196)**	**- %**	**- %**	**-**	**-**	**-**	**3,821,253**
Surplus/(Deficit)	**173,266,272**	**(119,405,838)**	**53,860,434**	**-**		**53,860,434**	**761,029**		**(53,099,405)**	**1 %**	**- %**				**(115,169)**
Transfers recognised - capital	513,967,000	182,810,150	696,777,150	-		696,777,150	411,293,791		(285,483,359)	59 %	80 %				450,845
Contributions recognised - capital	24,767,424	-	24,767,424	-		24,767,424	-		(24,767,424)	- %	- %				15,250
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**712,000,696**	**63,404,312**	**775,405,008**	**-**		**775,405,008**	**412,054,820**		**(363,350,188)**	**53 %**	**58 %**				**350,926**
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**712,000,696**	**63,404,312**	**775,405,008**	**-**		**775,405,008**	**412,054,820**		**(363,350,188)**	**53 %**	**58 %**				**350,926**
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**712,000,696**	**63,404,312**	**775,405,008**	**-**		**775,405,008**	**412,054,820**		**(363,350,188)**	**53 %**	**58 %**				**350,926**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**712,000,696**	**63,404,312**	**775,405,008**	**-**		**775,405,008**	**412,054,820**		**(363,350,188)**	**53 %**	**58 %**				**350,926**

Mangaung Metropolitan Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Vote 3 - Corporate Services	7,500,000	17,572,504	25,072,504	-	-	25,072,504	17,946,453	-	(7,126,051)	72 %	239 %	-	-	-	-
Vote 4 - Finance	5,600,000	(2,420,000)	3,180,000	-	-	3,180,000	2,728,973	-	(451,027)	86 %	49 %	-	-	-	3,662,741
Vote 5 - Social Services	8,500,000	5,500,000	14,000,000	-	-	14,000,000	5,614,443	-	(8,385,557)	40 %	66 %	-	-	-	-
Vote 7 - Human Settlement and Housing	6,500,000	-	6,500,000	-	-	6,500,000	4,718,351	-	(1,781,649)	73 %	73 %	-	-	-	-
Vote 9 - Engineering Services	180,809,940	2,927,200	183,737,140	-	-	183,737,140	66,863,115	-	(116,874,025)	36 %	37 %	-	-	-	78,300,808
Vote 10 - Water Services	112,750,859	30,805,903	143,556,762	-	-	143,556,762	90,031,426	-	(53,525,336)	63 %	80 %	-	-	-	69,060,340
Vote 14 - Electricity - Centlec (Soc) Ltd	179,830,983	-	179,830,983	-	-	179,830,983	157,173,134	-	(22,657,849)	87 %	87 %	-	-	-	100,144,214
Capital multi-year expenditure sub-total	**501,491,782**	**54,385,607**	**555,877,389**	**-**	**-**	**555,877,389**	**345,075,895**	**-**	**(210,801,494)**	**62 %**	**69 %**	**-**	**-**	**-**	**256,013,115**
Single-year expenditure															
Vote 3 - Corporate Services	11,500,000	19,133,355	30,633,355	-	-	30,633,355	25,673,091	-	(4,960,264)	84 %	223 %	-	-	-	19,498,626
Vote 4 - Finance	1,000,000	(600,000)	400,000	-	-	400,000	51,861	-	(348,139)	13 %	5 %	-	-	-	267,323
Vote 5 - Social Services	13,350,000	7,922,710	21,272,710	-	-	21,272,710	8,041,161	-	(13,231,549)	38 %	60 %	-	-	-	14,238,621
Vote 6 - Planning	55,186,509	(3,127,719)	52,058,790	-	-	52,058,790	42,647,251	-	(9,411,539)	82 %	77 %	-	-	-	35,159,150
Vote 7 - Human Settlement and Housing	23,500,000	2,747,277	26,247,277	-	-	26,247,277	17,365,085	-	(8,882,192)	66 %	74 %	-	-	-	329,989
Vote 8 - Fresh Produce Market	-	827,792	827,792	-	-	827,792	697,278	-	(130,514)	84 %	DIV/0 %	-	-	-	1,569,106
Vote 9 - Engineering Services	116,142,083	145,006,480	261,148,563	-	-	261,148,563	245,307,360	-	(15,841,203)	94 %	211 %	-	-	-	199,589,039
Vote 10 - Water Services	26,560,351	9,389,413	35,949,764	-	-	35,949,764	64,666,570	-	28,716,806	180 %	243 %	-	-	-	10,771,144
Vote 14 - Electricity - Centlec (Soc) Ltd	4,936,441	5,717,996	10,654,437	-	-	10,654,437	4,427,391	-	(6,227,046)	42 %	90 %	-	-	-	35,564,186
Capital single-year expenditure sub-total	**252,175,384**	**187,017,304**	**439,192,688**	**-**	**-**	**439,192,688**	**408,877,048**	**-**	**(30,315,640)**	**93 %**	**162 %**	**-**	**-**	**-**	**256,013,115**
Total Capital Expenditure - Vote	**753,667,166**	**241,402,911**	**995,070,077**	**-**	**-**	**995,070,077**	**753,952,943**	**-**	**(241,117,134)**	**76 %**	**100 %**	**-**	**-**	**-**	**512,026,230**

Mangaung Metropolitan Municipality
Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2013

	2013/2012														2012/2011
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**49,547,579**	**31,006,838**	**80,554,417**	**-**	**-**	**80,554,417**	**47,695,229**	**-**	**(32,859,188)**	**59 %**	**96 %**	**-**	**-**	**-**	**36,669,659**
Budget and treasury office	6,600,000	(3,020,000)	3,580,000	-	-	3,580,000	2,780,834	-	(799,166)	78 %	42 %	-	-	-	-
Corporate services	42,947,579	34,026,838	76,974,417	-	-	76,974,417	44,914,395	-	(32,060,022)	58 %	105 %	-	-	-	33,112,528
Community and public safety	**53,350,000**	**13,861,027**	**67,211,027**	**-**	**-**	**67,211,027**	**34,871,207**	**-**	**(32,339,820)**	**52 %**	**65 %**	**-**	**-**	**-**	**27,327,740**
Community and social services	-	135,000	135,000	-	-	135,000	-	-	(135,000)	- %	DIV/0 %	-	-	-	13,579,481
Sport and recreation	33,350,000	18,226,027	51,576,027	-	-	51,576,027	24,752,852	-	(26,823,175)	48 %	74 %	-	-	-	-
Public safety	3,500,000	3,500,000	7,000,000	-	-	7,000,000	6,484,880	-	(515,120)	93 %	185 %	-	-	-	13,418,270
Housing	16,500,000	(8,000,000)	8,500,000	-	-	8,500,000	3,633,475	-	(4,866,525)	43 %	22 %	-	-	-	329,989
Economic and environmental services	**184,345,443**	**110,818,013**	**295,163,456**	**-**	**-**	**295,163,456**	**230,994,939**	**-**	**(64,168,517)**	**78 %**	**125 %**	**-**	**-**	**-**	**184,835,737**
Planning and development	55,186,509	(3,127,719)	52,058,790	-	-	52,058,790	42,647,251	-	(9,411,539)	82 %	77 %	-	-	-	26,038,225
Road transport	129,158,934	108,445,732	237,604,666	-	-	237,604,666	188,347,688	-	(49,256,978)	79 %	146 %	-	-	-	157,977,161
Environmental protection	-	5,500,000	5,500,000	-	-	5,500,000	-	-	(5,500,000)	- %	DIV/0 %	-	-	-	820,351
Trading services	**466,424,144**	**84,889,241**	**551,313,385**	**-**	**-**	**551,313,385**	**439,694,292**	**-**	**(111,619,093)**	**80 %**	**94 %**	**-**	**-**	**-**	**336,440,730**
Electricity	184,767,424	5,717,996	190,485,420	-	-	190,485,420	161,600,526	-	(28,884,894)	85 %	87 %	-	-	-	135,708,397
Water	139,311,210	40,195,316	179,506,526	-	-	179,506,526	154,697,996	-	(24,808,530)	86 %	111 %	-	-	-	79,831,484
Waste water management	129,935,510	32,393,625	162,329,135	-	-	162,329,135	109,958,202	-	(52,370,933)	68 %	85 %	-	-	-	119,553,154
Waste management	12,410,000	6,582,304	18,992,304	-	-	18,992,304	13,437,568	-	(5,554,736)	71 %	108 %	-	-	-	1,347,695
Other	**-**	**827,792**	**827,792**	**-**	**-**	**827,792**	**697,278**	**-**	**(130,514)**	**84 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	827,792	827,792	-	-	827,792	697,278	-	(130,514)	84 %	DIV/0 %	-	-	-	2,190,511
Total Capital Expenditure - Standard	**753,667,166**	**241,402,911**	**995,070,077**	**-**	**-**	**995,070,077**	**753,952,945**	**-**	**(241,117,132)**	**76 %**	**100 %**	**-**	**-**	**-**	**587,464,377**
Funded by:															
National Government	510,967,000	169,639,423	680,606,423	-		680,606,423	523,654,285		(156,952,138)	77 %	102 %				405,989,990
Provincial Government	3,000,000	6,242,708	9,242,708	-		9,242,708	9,146,372		(96,336)	99 %	305 %				-
District Municipality	-	5,500,000	5,500,000	-		5,500,000	-		(5,500,000)	- %	DIV/0 %				-
Other transfers and grants	-	1,428,000	1,428,000	-		1,428,000	1,343,017		(84,983)	94 %	DIV/0 %				-
Transfers recognised - capital	**513,967,000**	**182,810,131**	**696,777,131**	**-**		**696,777,131**	**534,143,674**		**(162,633,457)**	**77 %**	**104 %**				**405,989,990**
Public contributions & donations	24,767,424	-	24,767,424	-		24,767,424	17,009,564		(7,757,860)	69 %	69 %				15,249,817
Borrowing	105,885,163	-	105,885,163	-		105,885,163	87,160,284		(18,724,879)	82 %	82 %				80,439,672
Internally generated funds	109,047,579	58,592,761	167,640,340	-		167,640,340	115,639,423		(52,000,917)	69 %	106 %				85,784,898
Total Capital Funding	**753,667,166**	**241,402,892**	**995,070,058**	**-**		**995,070,058**	**753,952,945**		**(241,117,113)**	**76 %**	**100 %**				**587,464,377**

Mangaung Metropolitan Municipality
Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2013

	2013/2012								2012
	Original Budget Rand	**Budget Adjustments (i.t.o. s28 and s31 of the MFMA)** Rand	**Final adjustments budget** Rand	**Final Budget** Rand	**Actual Outcome** Rand	**Variance** Rand	**Actual Outcome as % of Final Budget** Rand	**Actual Outcome as % of Original Budget** Rand	**Restated Audited Outcome** Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	3,240,690,000	-	3,240,690,000	3,240,690,000	1,508,518,605	(1,732,171,395)	47 %	47 %	-
Government - operating	651,134,000	-	651,134,000	651,134,000	657,666,667	6,532,667	101 %	101 %	-
Government - capital	513,967,000	-	513,967,000	513,967,000	573,310,268	59,343,268	112 %	112 %	-
Interest	52,656,000	-	52,656,000	52,656,000	2,470,136	(50,185,864)	5 %	5 %	-
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	(3,497,849,000)	-	(3,497,849,000)	(3,497,849,000)	(2,094,542,688)	1,403,306,312	60 %	60 %	-
Finance charges	(61,799,000)	-	(61,799,000)	(61,799,000)	(9,667,409)	52,131,591	16 %	16 %	-
Transfers and Grants	(140,289,000)	-	(140,289,000)	(140,289,000)	(1,410,722)	138,878,278	1 %	1 %	-
Net cash flow from/used operating activities	**758,510,000**	**-**	**758,510,000**	**758,510,000**	**636,344,857**	**(122,165,143)**	**84 %**	**84 %**	**-**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	36,000	-	36,000	36,000	-	(36,000)	- %	- %	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	(678,300,000)	-	(678,300,000)	(678,300,000)	(676,835,000)	1,465,000	100 %	100 %	-
Net cash flow from/used investing activities	**(678,264,000)**	**-**	**(678,264,000)**	**(678,264,000)**	**(676,835,000)**	**1,429,000**	**100 %**	**100 %**	**-**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	105,885,000	-	105,885,000	105,885,000	123,307,280	17,422,280	116 %	116 %	-
Increase (decrease) in consumer deposits	1,255,000	-	1,255,000	1,255,000	2,064,088	809,088	164 %	164 %	-
Payments									
Repayment of borrowing	(13,500,000)	-	(13,500,000)	(13,500,000)	(6,491,734)	7,008,266	48 %	48 %	-
Net cash flow from/used financing activities	**93,640,000**	**-**	**93,640,000**	**93,640,000**	**118,879,634**	**25,239,634**	**127 %**	**127 %**	**-**
Net increase/(decrease) in cash held	**173,886,000**	**-**	**173,886,000**	**173,886,000**	**78,389,491**	**(95,496,509)**	**45 %**	**45 %**	**-**
Cash/cash equivalents at the year begin:									-
Cash/cash equivalents at the year end:	**173,886,000**	**-**	**173,886,000**	**173,886,000**	**78,389,491**	**(95,496,509)**	**45 %**	**45 %**	