

Annual Financial Statements

for

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June: **2013**

Province:

KwaZulu Natal

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ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

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

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

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ULUNDI
3838

Postal address:

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ULUNDI
3838

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035 874 5500

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ZULULAND DISTRICT MUNICIPALITY
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 41**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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

Municipal Manager:

30 August 2013

ZULULAND DISTRICT MUNICIPALITY
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ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Note	2013 <u>R</u>	2012 <u>R</u>
ASSETS			
Current assets		124 797 136	196 903 783
Cash and cash equivalents	2	89 550 879	170 026 780
Trade and other receivables from exchange transactions	3	9 958 786	5 460 061
Other receivables from non-exchange transactions	4;38	4 478 807	1 719 633
Inventories	5	3 351 202	2 550 081
Prepayments	6	1 234 719	1 269 012
VAT receivable	13	16 222 743	15 878 218
Non-current assets		1 764 532 475	1 497 155 584
Non-current receivables	7	4 699 090	4 044 870
Property, plant and equipment	8	1 758 465 960	1 492 544 709
Heritage assets	9	988 478	305 370
Intangible assets	10	378 948	260 635
Total assets		<u>1 889 329 612</u>	<u>1 694 059 367</u>
LIABILITIES			
Current liabilities		93 954 735	130 609 343
Trade and other payables from exchange transactions	11	72 148 018	72 677 372
Consumer deposits	12	3 218 441	3 318 848
Taxes and transfers payable (non-exchange)		32 712	-
Current provisions	14	5 280 542	4 283 885
Unspent conditional grants and receipts	15	13 275 023	10 734 655
Current portion of finance lease liability	16	-	112 355
Bank overdraft	2	-	39 476 013
Other current liabilities		-	6 214
Non-current liabilities		5 325	5 325
Other non-current financial liabilities	17	5 325	5 325
Defined benefit plan obligations	39	-	-
Total liabilities		<u>93 960 060</u>	<u>130 614 667</u>
Net assets		<u>1 795 369 552</u>	<u>1 563 444 700</u>
NET ASSETS			
Accumulated surplus / (deficit)		1 795 369 552	1 563 444 700
Total net assets		<u>1 795 369 552</u>	<u>1 563 444 700</u>

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2013

	Note	<u>2013</u> R	<u>2012</u> R
Revenue			
Service charges	18	23 914 694	27 077 989
Rental of facilities and equipment	19	106 272	98 400
Interest earned - external investments	20	11 829 016	13 252 501
Interest earned - outstanding receivables	21	445 473	953 771
Government grants and subsidies	22	650 660 526	569 632 092
Other income	23	1 834 441	3 207 806
Total revenue		<u>688 790 423</u>	<u>614 222 561</u>
Expenses			
Employee related costs	24	113 005 000	92 255 387
Remuneration of councilors	25	6 054 148	5 674 057
Contribution to Doubtful debts	3	2 525 817	6 500 083
Depreciation and amortisation expense	26	31 165 452	32 072 963
Repairs and maintenance		38 258 138	36 470 055
Finance costs	27	10 519	253 335
Bulk Water purification and Sewer Treatment	28	67 096 498	52 495 722
Contracted services	29	10 691 098	7 257 672
Grants and subsidies paid	30	1 041 732	980 879
General expenses	31	187 017 168	164 956 084
Total expenses		<u>456 865 571</u>	<u>398 916 236</u>
Gains / (losses) on sale of assets	31	-	26 930
Financial Loss	41	-	(3 481 539)
Surplus / (deficit) for the period		<u>231 924 852</u>	<u>211 851 715</u>

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2013

DETAILS	Note	Accumulated Surplus/(Deficit) R
Balance at 30 June 2011		1 345 952 589
Correction of prior period error	38	142 402
Surplus / (deficit) for the period		211 851 715
Balance at 30 June 2012		1 557 946 706
Correction of prior period error	38	5 497 994
Restated Balance at 30 June 2012		1 563 444 700
Surplus / (deficit) for the period		231 924 852
Balance at 30 June 2013		1 795 369 552

**ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT
for the year ended 30 June 2013**

	Note	2013	2012 R	2011 audited R
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts		668 900 298	603 946 073	436 275 455
Cash Received from consumers, government and other	33	668 900 298	603 946 073	436 275 455
Payments		(423 718 204)	(396 968 114)	(292 120 954)
Cash Paid to employee costs, supplier and other	33	(423 718 204)	(396 968 114)	(292 120 954)
Net cash flows from operating activities	33	245 182 094	206 977 959	144 154 501
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash flows from investing activities		(286 059 107)	(217 751 269)	(145 368 318)
Purchase of Property, Plant and Equipment		(297 029 352)	(230 648 312)	(157 621 641)
Purchase of Heritage Assets		(683 108)	(305 370)	
Interest-Investments		11 829 016	13 252 501	12 316 926
Purchase of intangible assets		(175 665)	(50 088)	(63 603)
CASH FLOWS FROM FINANCING ACTIVITIES		(122 874)	(3 293 777)	(2 338 617)
Repayment of borrowings		-	(2 754 910)	(1 499 844)
Repayment of non-current liabilities		(0)	-	-
Repayment of finance lease liability		(112 355)	(285 532)	(220 425)
Finance Cost-Borrowings		-	-	(618 348)
Finance Cost-Finance Lease		(10 519)	(253 335)	
		(40 999 888)	(14 067 086)	(3 552 435)
Net increase / (decrease) in net cash and cash equivalents		(40 999 888)	(14 067 086)	(3 552 435)
Net cash and cash equivalents at beginning of period		130 550 767	144 617 853	148 170 288
Net cash and cash equivalents at end of period	33	89 550 879	130 550 767	144 617 853

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
for the year 30 June 2013

Actual 2012	Description	Actual 2013	Approved Budget 2013	Adjustments	Final Budget 2013	Difference
	Revenue					
27 077 989	Service charges	23 914 694	32 771 604		32 771 604	8 856 909
98 400	Rental of facilities and equipment	106 272			-	-106 272
13 252 501	Interest earned - external investments	11 829 016	12 566 926		12 566 926	737 910
953 771	Interest earned - outstanding receivables	445 473			-	-445 473
569 632 092	Government grants and subsidies	650 660 526	650 996 000	2 683 517	653 679 517	3 018 991
3 207 806	Other income	1 834 441	128 089 336	11 340 549	139 429 885	137 595 444
614 222 561	Total revenue	688 790 423	824 423 866	14 024 066	838 447 933	149 657 510
					-	-
	Expenses				-	-
92 255 387	Employee related costs	113 005 000	113 260 798	6 113 649	119 374 447	6 369 447
5 674 057	Remuneration of councilors	6 054 148	6 242 765		6 242 765	188 617
6 500 083	Bad debts	2 525 817	3 226 266		3 226 266	700 449
32 072 963	Depreciation and amortisation expense	31 165 452	31 573 791		31 573 791	408 339
36 470 055	Repairs and maintenance	38 258 138	38 466 856		38 466 856	208 718
253 335	Finance costs	10 519	50 033		50 033	39 513
52 495 722	Bulk Water purification and Sewer Treatment	67 096 498	70 788 590		70 788 590	3 692 092
7 257 672	Contracted services	10 691 098	11 414 898		11 414 898	723 800
980 879	Grants and subsidies paid	1 041 732	1 151 732		1 151 732	110 000
164 956 084	General expenses	187 017 168	180 882 342	6 455 417	187 337 759	320 591
398 916 236	Total expense	456 865 571	457 058 070	12 569 066	469 627 137	12 761 565
26 930	Gains / (losses) on sale of assets	-	-	-	-	-
-3 481 539	Financial Loss	-	-	-	-	-
						-
211 851 715	Suplus/ (Deficit) for the period	231 924 852	367 365 796	1 455 000	368 820 796	136 895 944

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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

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

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

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

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related Party Disclosures	No effective date
GRAP 25	Employee Benefits	No effective date
GRAP 31	Intangible Assets	No effective date
GRAP 105	Transfer of Functions Between Entities Under Common Control	No effective date
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No effective date
GRAP 107	Mergers	No effective date

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.
For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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

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

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

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

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

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Finance lease assets

Office equipment	5 years
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Other

Buildings	30 years
Specialist vehicles	7 years

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

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

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

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

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

Land is not depreciated as it is deemed to have an indefinite life.

1.6.4 DERECOGNITION

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

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

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generations.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the statement of financial performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

1.8.3 AMORTISATION AND IMPAIRMENT

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

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

Computer software 5-7 years

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

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

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

1.8.4 DERECOGNITION

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

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION

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

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

1.9.2 SUBSEQUENT MEASUREMENT

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

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

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

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

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

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

ZULULAND DISTRICT MUNICIPALITY
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for the year ending 30 June 2013

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11.3 IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property 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.

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

1.11.4 DERECOGNITION

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs

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for the year ending 30 June 2013

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.13.3 IMPAIRMENTS

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

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.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

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for the year ending 30 June 2013

1.9 INVESTMENTS

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

1.10 TRADE AND OTHER RECEIVABLES

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

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

1.11 TRADE PAYABLES AND BORROWINGS

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

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 UNAUTHORISED EXPENDITURE

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

1.14 IRREGULAR EXPENDITURE

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

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

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

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

1.16.2 MUNICIPALITY AS A LESSOR

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

1.17 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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for the year ending 30 June 2013

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

1.18.3 GRANTS, TRANSFERS AND DONATIONS

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

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post- employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits. Except for one staff member who was transferred from another local municipality.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in Appendix F to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2012 to 30 June 2013.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
		R
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	5 000	5 000
Call deposits	89 545 879	170 021 780
	89 550 879	170 026 780

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch: 4047162045

Cash book balance at beginning of year	-39 476 013	-30 395 497
Cash book balance at end of year	39 545 879	-39 476 013
Bank statement balance at beginning of year	55 427 514	51 885 662
Bank statement balance at end of year	40 318 642	55 427 514
<u>Cash on hand</u>	5 000	5 000
Total cash and cash equivalents	89 550 879	170 026 780
Total bank overdraft	-	-39 476 013

Call Accounts

Absa Bank (20-7293-6439)	30 000 000	95 021 780
First National Bank (IDS3607016)	10 000 000	65 000 000
Standard Bank (9864660)	10 000 000	10 000 000
Total	50 000 000	170 021 780

Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes.

	Gross Balances	Provision for Doubtful Debts	Net Balance
	R	R	R
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2013			
Service debtors (Water and Sanitation)	60 597 865.37	50 639 079	9 958 786
Total	60 597 865	50 639 079	9 958 786
as at 30 June 2012			
Service debtors			
Water and Sanitation	53 573 323	48 113 262	5 460 061
Other Receivables			-
Total	53 573 323	48 113 262	5 460 061
	53 573 323	48 113 262	5 460 061

ZULULAND DISTRICT MUNICIPALITY
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for the year ended 30 June 2013

	Note	2013	2012 R
<u>Water and Sewerage: Ageing</u>			
Current (0 – 30 days)		2 647 235	2 761 261
31 - 60 Days		2 126 262	2 338 406
61 - 90 Days		1 582 328	1 572 133
91 - 120 Days		1 298 469	1 564 275
121 - 365 Days		10 827 183	1 523 492
+ 365 Days		42 118 388	43 813 756
Total		60 599 865	53 573 323

	Consumers	Industrial / Commercial/ National & Provincial Government
	R	R
<u>Summary of Debtors by Customer Classification</u>		
as at 30 June 2013		
Current (0 – 30 days)	1 322 472	1 324 763
31 - 60 Days	1 058 996	1 067 265
61 - 90 Days	1 008 069	572 259
91 - 120 Days	791 044	507 425
121 - 365 Days	8 395 041	2 432 142
+ 365 Days	39 623 384	2 495 005
Sub-total	52 199 006	8 398 859
Less: Provision for doubtful debts		
Total debtors by customer classification	52 199 006	8 398 859
 as at 30 June 2012		
Current (0 – 30 days)	1 399 426	1 361 834
31 - 60 Days	1 121 484	1 216 922
61 - 90 Days	942 321	629 812
91 - 120 Days	1 088 761	475 514
121 - 365 Days	1 007 876	515 617
+ 365 Days	40 038 201	3 775 555
Sub-total	45 598 068	7 975 254
Less: Provision for doubtful debts		
Total debtors by customer classification	45 598 068	7 975 254

3 Reconciliation of the doubtful debt provision

Balance at beginning of the year	48 113 262	41 613 179
Contributions to provision	2 525 817	6 500 083
Reversal of provision	-	-
Balance at end of year	50 639 079	48 113 262

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2013, R9 958 786 - (2012: R5 460 061) were past due but not impaired.

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

Less than 60 days past due	745 987	1 499 779
Less than 180 days past due	9 212 799	3 960 282
	9 958 786	5 460 061

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

	Note	2013	2012 R
<u>Trade and other receivables impaired</u>			
As of 30 June 2013, trade and other receivables of R50 639 079 - (2012: R48 113 262) were impaired and provided for.		50 639 079.11	48 113 262
The ageing of these receivables is as follows:			
3 to 6 months		5 359 657.28	3 605 107
Over 6 months		45 279 421.83	44 508 155

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

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Other Debtors		4 478 807	1 719 633
Total Other Debtors		4 478 807	1 719 633

5 INVENTORIES

Closing balance of inventories:		3 351 202	2 550 081
Consumable store & water stock		3 351 202	2 550 081

6 PREPAYMENTS

Prepaid expenses		1 234 719	1 269 012
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Includes payments for Kwanaloga and accomodation for Kwanaloga games 2013 and PayDay Annual Licences

7 NON-CURRENT RECEIVABLES

Debtor: Eskom Deposits		4 003 126	3 348 906
Deposit: Property 165 President Str, Vryheid		6 044	6 044
Deposit: Federal Air		689 920.00	689 920
Total		4 699 090	4 044 870

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply.

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

Federal Air Deposit- A deposit on aviation contract

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

8 PROPERTY, PLANT AND EQUIPMENT

8 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2012	470 000	35 180 011	1 430 465 072	-	305 370	26 020 037	104 218	1 693 069 162
Cost/Revaluation	470 000	42 996 247	1 603 713 009	-	305 370	44 677 283	907 253	1 693 069 162
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(7 816 236)	(173 247 937)	-	-	(18 657 246)	(803 035)	-
Acquisitions	-	-	-	-	-	4 253 793	-	4 253 793
Capital under Construction	-	479 787	293 606 944	-	-	-	-	294 086 731
Depreciation	-	(1 080 250)	(23 727 531)	-	-	(6 196 100)	(104 219)	(31 108 100)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
Other movements*	-	-	-	-	-	-	-	-
as at 30 June 2013	470 000	34 579 547	1 699 338 684	-	-	24 077 730	(0)	1 758 465 960
Cost/Revaluation	470 000	43 476 034	1 897 319 953	-	305 370	48 931 076	907 253	1 991 409 685
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
Accumulated depreciation and impairment losses	-	(8 896 486)	(196 975 467)	-	-	(24 853 346)	(907 253)	(231 632 553)

*Other movements consist of

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

The council has 217 fully depreciated assets still in use. Council policy is to dispose fully depreciated assets still in use in the next accounting period

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

8 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	470 000	27 214 192	1 247 714 074	-	-	17 932 420	333 303	1 293 663 990
Cost/Revaluation	470 000	33 950 273	1 394 692 094	-	-	33 048 846	907 253	1 463 068 467
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(6 736 082)	(146 978 020)	-	-	(15 116 426)	(573 950)	(169 404 477)
Acquisitions	-	-	-	-	-	12 750 729	-	12 750 729
Capital under Construction	-	9 045 974	209 020 914	-	305 370	-	-	218 372 258
Depreciation	-	(1 080 154)	(26 269 917)	-	-	(4 493 807)	(229 085)	(32 072 963)
Carrying value of disposals	-	-	-	-	-	(169 305)	-	(169 305)
Cost/Revaluation	-	-	-	-	-	(1 122 292)	-	(1 122 292)
Accumulated depreciation and impairment losses	-	-	-	-	-	952 987	-	952 987
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2012	470 000	35 180 011	1 430 465 072	-	305 370	26 020 037	104 218	1 492 544 709
Cost/Revaluation	470 000	42 996 247	1 603 713 009	-	305 370	44 677 283	907 253	1 693 069 162
Accumulated depreciation and impairment losses	-	(7 816 236)	(173 247 937)	-	-	(18 657 246)	(803 035)	(200 524 453)

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2012	305 370	-	-	-	305 370
Cost/Revaluation	305 370	-	-	-	305 370
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	683 108	-	-	-	683 108
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other movements*	-	-	-	-	-
as at 30 June 2013	988 478	-	-	-	988 478
Cost/Revaluation	988 478	-	-	-	988 478
Transfers	-	-	-	-	-
Impairment losses	-	-	-	-	-


*Other movements consist of

Refer to Appendix C for more detail on Heritage Assets

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012**

9 Reconciliation of Carrying Value	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2011	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	305 370	-	-	-	305 370
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
*Other movements	-	-	-	-	-
as at 30 June 2012	305 370	-	-	-	305 370
Cost/Revaluation	305 370	-	-	-	305 370
Impairment losses	-	-	-	-	-





Note: All figures are pulled through from Appendix B

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

10 INTANGIBLE ASSETS	Note	R
10.1 Reconciliation of carrying value		
	Computer Software	Total
	R	R
as at 1 July 2012	260 635	260 635
Cost	2 036 171	2 036 171
Accumulated amortisation and impairment losses	(1 775 536)	(1 775 536)
Acquisitions	175 665	175 665
Amortisation	(57 352)	(57 352)
	378 948	378 948
as at 30 June 2013	378 948	378 948
Cost	2 211 836	2 211 836
Accumulated amortisation and impairment losses	(1 832 888)	(1 832 888)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
11			
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Creditors control account		-	204 422
Creditor previous year/ year end		34 881 926	44 143 096
Bank deposits not receipted		67 788	72 772
Creditors: K Sithole		-	10 259
Retention		36 194 641	26 425 275
R/D cheque		28 449	
Water & Sanitation Debtors with Credit Balances		975 215	767 367
Total creditors		72 148 018	71 623 191
Less: Correction of prior period error	38	-	1 054 181
Total Restated Creditors		72 148 018	72 677 372
12			
CONSUMER DEPOSITS			
Water		3 218 441	3 318 848
Total consumer deposits		3 218 441	3 318 848
ZDM does not pay interest on deposits refunded.			
13			
VAT RECEIVABLE			
Add: Reclassified to Vat payable			
Vat		20 802 719	19 350 953
Year-end vat reclaimable		2 773 995	3 012 964
		(7 353 971)	(6 485 699)
VAT RECEIVABLE		16 222 743	15 878 218
Vat is accounted for on the payments basis.			
14			
CURRENT PROVISIONS			
Reconciliation of movement in Provision for Leave pay			
Opening Balance		4 283 885	3 914 422
Provisions Raised		3 273 271	369 463
Amounts Used		(2 276 614)	-
Closing Balance		5 280 542	4 283 885
15			
UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
Unspent Conditional Grants from other spheres of Government			
Unspent Conditional Grants		13 275 023	10 734 655
Total Unspent Conditional Grants and Receipts		13 275 023	10 734 655
16			
FINANCE LEASE LIABILITY			
2013		Minimum lease payment	Future finance charges
Amounts payable under finance leases		R	R
Within one year		-	-
Within one year		-	-
Less: Amount due for settlement within 12 months (current portion)		-	-
Outstanding amount		-	-

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
		R	

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are

	Minimum lease payment R		Future finance charges R
2012			
Amounts payable under finance leases			
Within one year	122 690	112 355	10 334
Within two to five years	<u>122 690</u>		<u>10 334</u>

Less: Amount due for settlement within 12 months (current portion)

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are

OTHER FINANCIAL LIABILITIES

17

Other non-current financial liabilities			
Deposit-IEC		2 905	2 905
Deposit - WSSA		<u>2 420</u>	<u>2 420</u>
		<u>5 325</u>	<u>5 325</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
18	SERVICE CHARGES		
	Sale of water	17 459 683	20 609 439
	Sewerage and sanitation charges	6 455 011	6 468 551
	Total Service Charges	23 914 694	27 077 989
19	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities	106 272	98 400
	Total rentals	106 272	98 400
20	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Current Account	757 668	254 376
	Call Accounts	11 071 348.5	12 998 125
	Total interest	11 829 016	13 252 501
21	INTEREST EARNED - OUTSTANDING RECEIVABLES		
	Debtors	445 473.1	953 771
	Total interest	445 473.1	953 771
22	GOVERNMENT GRANTS AND SUBSIDIES		
	DWAF Accelerated Community infrastructure (Operational & maintenance)	8 268 000	-
	DWAF- Bulk Infrastructure Grant	64 046 660	56 976 896
	Equitable share	258 854 000	234 326 000
	Expanded public works Programme	5 207 000	1 244 000
	Finance Management Grant	1 250 000	1 250 000
	Grant: Infrastructure	3 443 130	-
	Indonsa	1 561 000	1 487 000
	LED Catalyst	1 132 356	867 644
	Local Government Cholera Project	-	303 662
	MIG Grant	275 487 000	227 100 000
	Municipal Systems Improvement Grant	1 000 000	1 000 000
	Massification	5 194 285	8 270 000
	Okhukho Rudimentary Project	-	2 700 000
	P700 Strategic Corridor	7 968 698	14 050 494
	Shared Services Planning	365 138	2 516 827
	Ulundi Airport	9 043 622	14 729 570
	Grants: ACIP	1 339 638	2 810 000
	Ulundi Tourism Hub	6 500 000	-
	TOTAL GOVERNMENT GRANTS AND SUBSIDIES	650 660 526	569 632 092

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
--	------	------	------

R

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

MIG GRANT

Balance unspent at beginning of year	-	-
Current year receipts	275 487 000.0	227 100 000
Conditions met - transferred to revenue	(275 487 000.00)	(227 100 000.00)
Conditions still to be met - remain liabilities	<u>-</u>	<u>-</u>

MIG is implemented on a multi year programme and the conditions are met on a ongoing basis.

Other Conditional Government Grants and Subsidies

Balance unspent at beginning of year	10 734 655	11 438 793
Current year receipts	653 200 893	342 532 092
Conditions met - transferred to revenue	(650 660 526)	(343 236 230)
Conditions still to be met - remain liabilities	<u>13 275 023</u>	<u>10 734 655</u>

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 05 of 2012, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

23 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

OTHER INCOME

Insurance Claim	-	34 962
Marathon	32 322	31 002
New connections-sewerage	10 945	12 342
New connections-water	75 973	45 279
Reconnection fees-water	119 114	90 022
Sundry Income	143 541	2 498 289
Multipurpose Stadium	-	68
Indonsa Hall Hire	7 800	2 300
Telephone expenses recovered	77 934	114 925
Skills Levy Refunds	636 724	
Other income		92 302
Tender deposits	730 088	286 314
TOTAL OTHER INCOME	<u>1 834 441</u>	<u>3 207 806</u>

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	80 039 587	65 527 267
Employee related costs - Contributions for UIF, pensions and medical aids	16 980 240	13 869 078
Travel, motor car, accommodation, subsistence and other allowances	6 705 511	5 996 309
Housing benefits and allowances	610 794	563 081
Overtime payments	4 527 693	3 198 370
Other employee related costs	4 141 174	3 101 283
TOTAL EMPLOYEE RELATED COSTS	<u>113 005 000</u>	<u>92 255 387</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013	2012
		R
Remuneration of the Municipal Manager		
Annual Remuneration	540 000.0	540 000
Performance- and other bonuses	229 704.2	-
Travel, motor car, accommodation, subsistence and other allowances	706 771.9	654 947
Contributions to UIF, Medical and Pension Funds	53 294.2	192 749
TOTAL	1 529 770.3	1 387 696

Remuneration of the Chief Finance Officer

Annual Remuneration	360 000.0	355 620
Performance- and other bonuses	166 917.4	-
Travel, motor car, accommodation, subsistence and other allowances	627 288.9	725 504
Contributions to UIF, Medical and Pension Funds	46 924.2	129 424
TOTAL	1 201 130.6	1 210 547

Remuneration of Individual Executive Directors	Planning	Technical Services	Corporate Services	Community Services	Technical Services
	R	R		R	
2013					
Annual Remuneration	360 000	60 000	351 239	360 000	171 239
Performance- and other bonuses	-	-	162 989	86 235	125 759
Travel, motor car, accommodation, subsistence and other allowances	669 601	102 949	694 393	627 814	313 236
Contributions to UIF, Medical and Pension Funds	37 286	3 005	56 798	19 713	16 809
Total	1 066 887	165 954	1 265 419	1 093 762	627 043
	Community	Technical Services	Corporate Services	Planning	
		R	R	R	
2012					
Annual Remuneration	361 204	307 437	307 437	307 437	
Performance- and other bonuses	-	-	-	84 280	
Travel, motor car, accommodation, subsistence and other allowances	550 560	809 033	812 211	240 712	
Contributions to UIF, Medical and Pension Funds	149 372	98 989	136 333	53 219	
Total	1 061 136	1 215 459	1 255 981	685 648	

25 REMUNERATION OF COUNCILLORS

Mayor	724 280.02	637 333.62
Deputy Executive Mayor	409 088.38	397 175.00
Speaker	599 390.94	562 527.50
Executive Committee Members	2 761 774.37	2 229 496.00
Councillors' pension and medical aid contributions	392 813.94	262 080.30
Councillors' allowances	1 166 800.80	1 585 444.18
Total Councillors' Remuneration	6 054 148.45	5 674 056.60

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
26	DEPRECIATION AND AMORTISATION EXPENSE		
	Property, plant and equipment	31 108 100	32 072 963
	Intangible assets	57 351.5	-
	Total Depreciation and Amortisation	<u>31 165 452</u>	<u>32 072 963</u>
27	FINANCE COSTS		
	Borrowings	10 519	253 335
	Total Finance Costs	<u>10 519</u>	<u>253 335</u>
28	BULK WATER PURIFICATION AND SEWER TREATMENT		
	Electricity	29 099 609	24 414 174
	Water	37 996 890	28 081 548
	Total Bulk Purchases	<u>67 096 498</u>	<u>52 495 722</u>
29	CONTRACTED SERVICES		
	Contracted services for:		
	Security Services	7 349 797	3 786 861
	Internal Audit Services	1 102 736	1 275 704
	Meter reading Services	468 520	380 814
	Cleaning Service	1 770 044	1 814 293
		<u>10 691 098</u>	<u>7 257 672</u>
30	GRANTS AND SUBSIDIES PAID		
	Abaqulusi Municipality	50 000	50 000
	Edumbe Municipality	-	-
	Nongoma Municipality	50 000	50 000
	Pongola Municipality	50 000	50 000
	Ulundi Municipality	50 000	50 000
	Battlefields Route	60 000	50 000
	Zululand Brigding Route	60 000	50 000
	Water Service Provider Grant (Abaqulusi)	721 732	680 879
		<u>1 041 732</u>	<u>980 879</u>
	These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality		
31	GENERAL EXPENSES		
	Included in general expenses are the following:-		
	Advertising	224 078	199 975
	Audit fees	1 609 015	1 387 051
	Bank charges	200 087	150 233
	Conferences and delegations	25 393	65 305
	Entertainment	410 621	430 133
	Fuel and oil	7 692 468	5 870 086
	Insurance	971 418	752 495
	Membership fees	707 435	517 423
	License fees	190 900	223 414
	Postage	302 815	211 468
	Printing and stationery	469 141	1 074 310
	Professional fees	6 333 945	6 892 723
	Rental of buildings	230 836	240 458
	Rental of office equipment	662 541	403 567

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
			R
Other rentals		151 112	450 941
Skills development levies		1 075 340	909 127
Stocks and material		-	163 310
Telephone cost		2 307 670	2 632 775
Training		1 620 460	1 642 609
Community & social expenditure		88 499 142	76 793 556
Travel and subsistence		8 399 503	5 370 643
Uniforms & overalls		1 059 711	140 655
Grants/ Projects expenditure		63 873 536	58 433 826
		<u>187 017 168</u>	<u>164 956 084</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
32	GAIN / (LOSS) ON SALE OF ASSETS		
	Property, plant and equipment	-	26 930
	Total gain / (loss) on sale of assets	-	26 930
33	CASH GENERATED BY OPERATIONS		
	Surplus/(deficit) for the year	231 924 852	215 306 324
	Adjustment for:-		
	Depreciation and amortisation	31 165 452	32 072 963
	(Gain) / loss on sale of assets	-	(3 454 609)
	Finance costs-Borrowings	10 519	253 335
	Interest - Investments	(11 829 016)	(13 252 501)
	Operating surplus before working capital changes:	251 271 807	230 925 512
	Working Capital	(6 089 713)	(23 947 553)
	(Increase)/decrease in trade and other receivables from exchange transactions	(4 498 726)	(1 486 912)
	(Increase)/decrease in other receivables from non-exchange transactions	(2 759 174)	558 788
	(Increase)/decrease in current provisions	996 657	
	(Increase)/decrease in prepayments	34 292	(774 518)
	(Increase)/decrease in VAT receivable	(344 526)	6 113 847
	(Increase)/decrease in VAT payable	-	(5 054 192)
	(Increase)/decrease in Inventory	(801 121)	(680 418)
	(Increase)/decrease in non-current receivables	(654 220)	(1 529 292)
	Increase/(decrease) in trade and other payables from exchange transactions	(529 354)	9 398 535
	Increase/(decrease) in consumer deposits	(100 407)	39 843
	Increase/(decrease) in current taxes	32 712	
	Increase/(decrease) in current portion of unspent conditional grants and receipts	2 540 367.3	(704 137)
	Increase/(decrease) in other current financial liabilities (Current liabilities)	(6 214)	(29 829 096)
	Cash generated by/(utilised in) operations	245 182 094	206 977 958 #####
	Cash receipts from consumers, government and other		
	Total revenue per statement of financial performance	688 790 423	614 222 561

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
R			
Adjusted for items disclosed separately			
Interest received		(11 829 016)	(13 252 501)
Adjusted for working capital		(8 061 109)	2 976 013
(Increase)/decrease in trade and other receivables from exchange transactions		(4 498 726)	(1 486 912)
(Increase)/decrease in other receivables from non-exchange transactions		(2 759 174)	558 788
Increase in current portion of receivables		996 657	-
(Increase)/decrease in VAT receivable		(344 526)	6 113 847
(Increase)/decrease in Inventory		(801 121)	(680 418)
(Increase) in non-current receivables		(654 220)	(1 529 292)
Cash receipts from consumers, government and other		668 900 298	603 946 073
Cash paid to employees, suppliers and other			
Total expenses as per statement of financial performance		(456 865 571)	(398 916 236)
Adjusted for non-cash items:		31 165 452	28 618 354
Depreciation		31 165 452	32 072 963
Loss on assets (<i>financial asset</i>)		-	(3 454 609)
Adjusted for items disclosed separately			
Finance Costs		10 519	253 335
Adjusted for working capital		1 971 396	(26 923 567)
(Increase)/decrease in prepayments		34 292	(774 518)
Increase/(decrease) in trade and other payables from exchange transactions		(529 354)	9 398 535
Increase/(decrease) in current portion of unspent conditional grants and receipts		2 540 367	(704 137)
Increase/(decrease) in consumer deposits		(100 407)	39 843
Increase/(decrease) in VAT payable		-	(5 054 192)
Increase/(decrease) in current taxes and transfers payables (non-exchange)		32 712	-
Increase/(decrease) in other current liabilities		-6 214	(29 829 096)
Increase/(decrease) in other current liabilities			
Cash paid to employees, suppliers and other		(423 718 204)	(396 968 114)
34 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		89 550 879	170 026 780
Bank overdrafts		-	(39 476 013)
Net cash and cash equivalents (net of bank overdrafts)		89 550 879	130 550 767
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT			
35.1 Contributions to organised local government			
Opening balance		-	-
Membership Fees		707 435.0	517 423
Amount paid - current		(707 435.0)	(517 423)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
35.2	Audit fees		R
	Opening balance		
	Current year audit fee	1 609 015	1 387 051
	Amount paid - current year	(1 609 015)	(1 387 051)
	Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
35.3	PAYE and UIF		
	Opening balance		-
	Current year payroll deductions	16 384 942.79	11 147 085
	Amount paid - current year	(16 384 942.79)	(11 147 085)
	Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
35.4	Medical and Pension Contributions		
	Opening balance		-
	Current year payroll deductions and Council Contributions	7 513 650.42	16 164 057
	Amount paid - current year	(7 513 650.42)	(16 164 057)
	Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
35.5	The following Councillors had arrear accounts outstanding as at 30 June 2013:	Outstanding less than 90 days	Outstanding more than 90 days
		R	R
	as at 30 June 2013		
	Cllr T B Lukhele	2 787	3 531
	Cllr V Z KaMagwaza-Msibi	(798)	(614)
	Cllr PATN Buthelezi	3 970	3 859
	Cllr I A Mbatha	1 761	1 586
	Cllr S E Nkwanyana	(312)	(63)
	Cllr B J Mncwango	123	8
	Cllr T K Mkhize	2 787	3 531
	Cllr K E Nxumalo	33 451	33 207
	Total Councillor Arrear Consumer Accounts	<u>43 771</u>	<u>45 043</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
as at 30 June 2012			
Cllr T B Lukhele		22 203	-
Cllr V Z KaMagwaza-Msibi		(232)	(232)
Cllr PATN Buthelezi		3 125	-
Cllr I A Mbatha		1 096	-
Cllr S E Nkwanyana		351	-
Cllr B J Mncwango		(136)	(136)
Cllr T K Mkhize		6 571	-
Cllr K E Nxumalo		30 870	-
		(389)	-
Total Councillor Arrear Consumer Accounts		63 459	(368)
35.6	Water losses averaged 8% during the year	9 628 755	98 600

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7 Irregular Expenditure

Reconciliation of irregular expenditure	-	
Opening balance	16 870 556	5 422 911
Irregular expenditure incurred during the year	18 653 376	11 447 645
Irregular expenditure condoned or written-off by council	(30 101 021)	
Irregular expenditure awaiting condonement	5 422 911	16 870 556

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8 Unauthorised expenditure

Reconciliation of unauthorised expenditure		
Opening balance	6 975 536	-
Unauthorised incurred during the year	-	6 975 536
Unauthorised incurred condoned or written-off by council	(6 975 536)	-
Unauthorised awaiting condonement	-	6 975 536

35.9 Fruitless and Wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	20 098	-
Fruitless and wasteful incurred during the year	42 815	20 098
Fruitless and wasteful condoned or written-off by council	(20 098)	-
Fruitless and wasteful awaiting condonement	42 815	20 098

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
36			R
CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure			
- Approved and contracted for			
Infrastructure		270 953 151	275 036 558
Community			
Heritage			
Other			
- Approved but not yet contracted for			
Community		116 475 250	151 898 594
Heritage		6 000 000	20 000 000
Other		19 055 161	50 348 152
Infrastructure		91 420 089	81 550 442
Total		387 428 401	426 935 152
This expenditure will be financed from:			
- Own Revenue		28 397 401	48 572 152
- Government Grants		359 031 000	378 363 000
- District Council Grants			
		387 428 401	426 935 152

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
37			R
Operating leases			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
Operating leases - lessee			
Within one year		81 287	132 059
In the second to fifth year inclusive		77 927	223 512
After five years			
Total		159 215	355 571
Total future minimum sublease payment expected to be received under non-cancellable sublease			
Related party balances			
Loan accounts - Owing (to) by related parties			

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
38			R
CORRECTION OF PRIOR PERIOD ERROR			
Add: Correction of errors at 30 June 2011 and prior periods			
Nature of error			
			6 551
			135 851
			<u>142 402</u>
			<u><u>142 402</u></u>

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2013

	Note	2013	2012
			R
For the 2012 period			
Nature of error			
Clearing of year end creditors			(8 486.3)
Replacement of a cancelled cheque that was incorrect			(22 800.0)
Clearing grv for 2011/2012 which was incorrectly allocated			204 422.4
Vat input incorrectly claimed			(70 112.0)
Stale cheque was reversed and replaced in general vote			7 614.9
Reversal of stale cheque #52302. Department of Transport did not accept cheques.			2 976.0
Reversal of stale cheque #52248. Department of Transport did not accept cheques.			974.0
Reversal of incorrectly capitalised Work In Progress			(98 929.8)
Recognition of payment that was recorded in 2012/13.			(305 370.0)
Reversal of journal no A034.			305 370.0
Reversal of duplicated payment and another payment made before delivery took place			(906 872.0)
Correction of an error retention was paid with the wrong vote			1 000 535
Correction of an error retention was paid with the wrong vote			5 388 672
Restated Balance at 30 June 2012			<u>5 497 994</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
			R
NET EFFECT OF PRIOR PERIOD ERRORS:			
Decrease creditors			1 054 181
Decrease in Retention			6 389 207
Decrease in debtors			
Decrease in debtors			
NET EFFECT			7 443 388
39	EMPLOYEE BENEFITS		
	Pension Benefits		
	Council's share of contributions to retirement benefit funds were		9 138 808
	As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.		
	Post retirement benefits		
	Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard. Except for one employee who was transferred from one of the local municipality.		
40	CONTINGENT LIABILITIES		
	Contingent liabilities comprises of:		
	Pending cases with Civil Culture (Construction Company)	178 532	178 532
		178 532	178 532
41	CONTINGENT ASSET		
	Claim for Stolen cheques	3 481 539	3 481 539
	Subsequent to the stealing of cheques, the court case is in progress. Some funds were frozen and according to our lawyers, it is probable that we may recover this amount from the Bank.		
42	Financial Loss (Fraudulent Transactions)	-	-3 481 539
	Financial Loss happened as result of fraudulently cashed stolen cheques		
43	Statement of Comparison of Budget and Actual Amounts.		

The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on **Appendix F**. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2011 to 30 June 2012.

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
		R	R	R	R	R	R
EXTERNAL LOANS							
Finance Lease Liability-Konica Minolta	30/06/2013	112 355	-	112 355	-		
Total long-term loans		112 355	-	112 355	-	-	
TOTAL EXTERNAL LOANS		112 355	-	112 355	-	-	

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings													
Buildings	42 996 247	-	-	479 787	43 476 034	(7 816 236)	(1 080 250)	-	-	(8 896 486)	-	-	34 579 547
Infrastructure													
Water & Sewerage Inst	1 137 067 495	-	-	293 606 944	1 430 674 439	(111 824 828)	(23 727 531)	-	-	(135 552 358)	(906 872)	-	1 294 215 208
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(61 423 109)	-	-	-	(61 423 109)	(98 930)	-	405 123 475
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 603 713 009	-	-	293 606 944	1 897 319 953	(173 247 937)	(23 727 531)	-	-	(196 975 467)	(1 005 802)	-	1 699 338 684
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Historical Buildings	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Total carried forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(181 064 172)	(24 807 781)	-	-	(205 871 953)	(1 311 172)	-	1 734 388 231

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(181 064 172)	(24 807 781)	-	-	(205 871 953)	(1 311 172)	-	1 734 388 231
Other Assets													
Office Equipment	1 444 412	6 798			1 451 210	(1 091 921)	(146 059)			(1 237 980)	-	-	213 230
Furniture & Fittings	685 171	214 251			899 422	(393 595)	(110 432)			(504 026)	-	-	395 395
Emergency Equipment	139 475	-			139 475	(70 659)	(13 997)			(84 656)	-	-	54 820
Motor vehicles	33 967 611	3 386 234			37 353 845	(13 068 755)	(4 918 115)			(17 986 870)	-	-	19 366 975
Computer Equipment	5 614 417	619 522			6 233 939	(3 546 553)	(739 662)			(4 286 215)	-	-	1 947 724
Other Assets	2 826 197	26 988		-	2 853 185	(485 763)	(267 837)			(753 600)	-	-	2 099 585
	44 677 283	4 253 793	-	-	48 931 076	(18 657 246)	(6 196 100)	-	-	(24 853 346)	-	-	24 077 730
Finance Lease Assets													
Office Equipment	907 253	-	-	-	907 253	(803 035)	(104 219)			(907 253)	-	-	(0)
Other Assets	-	-	-	-	-	-	-			-	-	-	-
	907 253	-	-	-	907 253	(803 035)	(104 219)	-	-	(907 253)	-	-	(0)
Total	1 693 069 162	4 253 793	-	294 086 731	1 991 409 685	(200 524 453)	(31 108 100)	-	-	(231 632 553)	(1 311 172)	-	1 758 465 960

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	33 950 273	-	-	9 045 974	42 996 247	(6 736 082)	(1 080 154)	-	-	(7 816 236)	-	-	35 180 011
Infrastructure													
Water & Sewerage Inst	928 046 580	-	-	209 020 914	1 137 067 495	(95 336 383)	(16 488 445)	-	-	(111 824 828)	-	-	1 025 242 667
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(51 641 637)	(9 781 471)	-	-	(61 423 109)	-	-	405 222 405
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 394 692 094	-	-	209 020 914	1 603 713 009	(146 978 020)	(26 269 917)	-	-	(173 247 937)	-	-	1 430 465 072
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	305 370	305 370	-	-	-	-	-	-	-	305 370
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	305 370	305 370	-	-	-	-	-	-	-	305 370
Total carried forward	1 429 112 368	-	-	218 372 258	1 647 484 626	(153 714 102)	(27 350 071)	-	-	(181 064 172)	-	-	1 466 420 453

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 429 112 368	-	-	218 372 258	1 647 484 626	(153 714 102)	(27 350 071)	-	-	(181 064 172)	-	-	1 466 420 453
Other Assets													
Office Equipment	1 416 999	58 272	(30 859)	-	1 444 412	(995 064)	(127 715)	30 858	-	(1 091 921)	-	-	352 491
Furniture & Fittings	645 593	39 578	-	-	685 171	(307 180)	(86 415)	-	-	(393 595)	-	-	291 576
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 475	-	-	-	139 475	(56 614)	(14 044)	-	-	(70 659)	-	-	68 816
Motor vehicles	24 422 865	10 139 679	(594 933)	-	33 967 611	(10 033 068)	(3 476 926)	441 239	-	(13 068 755)	-	-	20 898 856
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 373 136	737 781	(496 500)	-	5 614 417	(3 357 115)	(670 328)	480 890	-	(3 546 553)	-	-	2 067 864
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 050 778	1 775 420	-	-	2 826 197	(367 384)	(118 379)	-	-	(485 763)	-	-	2 340 434
	33 048 846	12 750 729	(1 122 292)	-	44 677 283	(15 116 426)	(4 493 807)	952 987	-	(18 657 246)	-	-	26 020 037
Finance Lease Assets													
Office Equipment	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Total	1 463 068 467	12 750 729	(1 122 292)	218 372 258	1 693 069 162	(169 404 477)	(32 072 963)	952 987	-	(200 524 453)	-	-	1 492 544 709

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2013

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	305 370	-	-	683 108	988 478	-	-	-	988 478
Work of arts	305 370	-	-	683 108	988 478	-	-	-	988 478
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	305 370	-	-	683 108	988 478	-	-	-	988 478

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2012

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	-	-	-	305 370	305 370	-	-	-	305 370
Work of arts	-	-	-	305 370	305 370	-	-	-	305 370
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	-	-	-	305 370	305 370	-	-	-	305 370

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT ,HERITAGE AND INTANGIBLE ASSETS
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	38 667 905	741 328	1 170 115		40 579 348	(283 031)	(48 796)		(331 827)	(1 212 242)	39 318 310
Finance & Admin	3 819 615	3 618 783	11 679 330		19 117 728	(18 834 068)	(2 578 345)		(21 412 413)	(98 930)	16 440 453
Planning & Development	3 788 992	54 517	7 700 931		11 544 440	(476 330)	(79 049)		(555 379)		11 465 391
Health	12 966				12 966	-			-		12 966
Community & Social Services	1 786 518	14 830			1 801 348	(330 190)	(88 769)		(418 959)		1 712 579
Public Safety	2 173 787				2 173 787	-			-		2 173 787
Water	1 429 507 170		274 219 462		1 703 726 632	(182 339 161)	(28 370 493)		(210 709 654)		1 675 356 139
Other	12 787 756				12 787 756	-			-		12 787 756
Total	1 492 544 709	4 429 458	294 769 838	-	1 791 744 005	(202 262 780)	(31 165 452)	-	(233 428 232)	(1 311 172)	1 759 267 381

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2013

2012	2012	2012		2013	2013	2013
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
	57 696 557	(57 696 557)	Executive & Council	9 758 279	32 519 298.24	(22 761 019)
295 074 029	62 519 439	232 554 589	Finance & Admin	297 486 917	68 327 712.67	229 159 204
3 516 827	15 342 899	(11 826 072)	Planning & Development	4 862 666	15 790 666.07	(10 928 000)
16 438 507	42 175 303	(25 736 795)	Community & Social Services	17 139 978	57 303 272.76	(40 163 295)
299 193 198	221 155 109	78 038 089	Water & Sanitation	359 542 583	283 124 455.13	76 418 127
614 222 561	398 889 308	215 333 254		688 790 423	457 065 405	231 725 018

ZULULAND DISTRICT MUNICIPALITY
APPENDIX F

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

Name of Grants	Name of organ of state	Unspent portion 2011/2012 financial statements	Adjustments and Transfers	Quarterly Receipts					Quarterly Expenditure				Total Expenditure	Unspent portion 2012/2013 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework - Revenue Act	reason for non-compliance
				July	Oct to Dec	Jan to Mar	April to June	Total Receipts	July to Sept	Oct to Dec	Jan to Mar	April to June						
				1	2	3	4		1	2	3	4						
Bulk Implementation Grant	DWAF			-	30 051 431.84	29 328 490.13	4 666 737.80	64 046 659.77	6 511 851.81	22 406 140.53	5 379 369.64	29 749 297.79	64 046 659.77	-			YES	
Equitable Share	National Treasury			107 856 000.00	86 285 000.00	64 713 000.00	-	258 854 000.00	107 856 000.00	86 285 000.00	64 713 000.00		258 854 000.00	-			YES	
FMG	National Treasury			1 250 000.00	-	-	-	1 250 000.00	341 655.00	503 194.00	405 151.00		1 250 000.00	-			YES	
RURAL TRANSPORT	KZN COGTA	1 688 000		1 776 000.00	-	-	-	3 464 000.00		284 854.08	1 000 994.10	2 157 281.36	3 443 129.54	20 870.46			YES	
MASSIFICATION PROJECT	KZN COGTA				5 965 000.00	5 116 000.00		11 081 000.00	1 553 345.19	1 638 073.03	527 833.11	1 475 033.24	5 194 284.57	5 886 715.43			YES	
Indonsa Grant	Art & Culture			780 500.00	780 500.00	-	-	1 561 000.00	638 000.00	580 000.00	343 000.00		1 561 000.00	-			YES	
DWA Operating & Maintenance	DWAF			1 654 000.00	3 307 000.00	3 307 000.00	-	8 268 000.00	1 900 170.00	490 272.00	2 334 956.20	3 542 601.80	8 268 000.00	-			YES	
MIG	COGTA			79 391 000.00	118 910 000.00	77 186 000.00	-	275 487 000.00	66 301 319.28	81 582 214.44	78 890 162.64	48 713 303.64	275 487 000.00	0.00			YES	
MSIG	COGTA			1 000 000.00	-	-	-	1 000 000.00	-	451 240.50		548 759.50	1 000 000.00	-			YES	
Ulundi Tourism Hub	KZN COGTA	9 046 655		6 500 000.00	-	-	-	15 546 655.35	2 524 541.83	4 881 947.82	3 941 055.64	4 199 110.06	15 546 655.35	-			YES	
Growth Development Summit				400 000.00	-	-	-	400 000.00			8 456.36	45 942.00	54 398.36	345 601.64			YES	
Expanded Public Works Programme	Dept of Works			1 000 000.00	-	4 207 000.00	-	5 207 000.00	449 341.00	735 468.00	773 906.90	3 248 284.10	5 207 000.00	-			YES	
Ulundi Airport	KZN COGTA			2 375 937.11	3 370 630.33	9 199 564.49	334 463.49	15 280 595.42	2 875 023.70	1 932 802.19	3 101 449.53	1 134 346.79	9 043 622.21	6 236 973.21			YES	
shared services Planning				950 000.00				950 000.00	91 284.52	91 284.52	91 284.52	91 284.52	365 138.08	584 861.92			YES	
ACIP	DWA			465 285.86	296 337.14	362 310.74	215 704.50	1 339 638.24			491 725.91	847 912.33	1 339 638.24	-			YES	
CLLRS Training				-	-	200 000.00	-	200 000.00					-	200 000.00			YES	
TOTALS		10 734 655	-	205 398 722.97	248 965 899.31	193 619 365.36	5 216 905.79	663 935 548.78	191 042 532.33	201 862 491.11	162 002 345.55	95 753 157.13	650 660 526.12	13 275 022.66				

Amount reflected as unspent conditional

Zululand District Municipality										
Appendix G										
Statement of comparative and actual information										
Both the Annual Budget and Financial Statements Adopt Acral basis										
2012/2013										
Description	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Comments on variances
	1	2	3	4	5	6	7	8	9	
Financial Performance										
Service Charges	32 771 603.82			32 771 603.82	23 914 694.42		8 856 909.40	72.97	72.97	
	12 566 926.00			12 566 926.00	11 829 016.38		737 909.62	94.13	94.13	
Transfers recognised - operational	272 633 000.00	5 378 517.24		278 011 517.24	285 606 191.79		(7 594 674.55)	102.73	104.76	
Other own revenue	128 089 336.46	11 340 549.00		139 429 885.46	1 940 712.95		137 489 172.51	1.39	1.52	
				-			-	-	-	
Total Revenue	446 060 866.28	16 719 066.24	-	462 779 932.52	323 290 615.54	-	139 489 316.98	69.86	72.48	
Employee costs	113 260 798.00	6 113 649.00		119 374 447.00	113 005 000.02		6 369 446.98	94.66	99.77	
Remuneration of councillors	6 242 765.00			6 242 765.00	6 054 148.45		188 616.55	96.98	96.98	
Bad Debts	3 226 265.95			3 226 265.95	2 525 817.08		700 448.87	78.29	78.29	
Depreciation	31 573 791.00			31 573 791.00	31 165 451.83		408 339.17	98.71	98.71	
Repairs and Maintenance	40 646 118.98			40 646 118.98	38 258 137.84		2 387 981.14	94.12	94.12	
Finance charges	50 032.55			50 032.55	10 519.30		39 513.25	21.02	21.02	
Materials and Bulk Purchases	71 788 590.47			71 788 590.47	67 096 498.22		4 692 092.25	93.46	93.46	
Transfers of grants	1 151 731.74			1 151 731.74	1 041 732.00		109 999.74	90.45	90.45	
Other expenditure	129 548 620.60	6 455 417.24		136 004 037.84	197 708 266.34		(61 704 228.50)	145.37	152.61	
				-			-			
Total Expenditure	397 488 714.28	12 569 066.24	-	410 057 780.52	456 865 571.08	-	(46 807 790.56)	111.41	1.15	
							-			
Surplus / (Deficit)	48 572 152.00	4 150 000.00	-	52 722 152.00			52 722 152.00			
							-			
Transfers Recognised- capital	378 363 000.00	(2 695 000.00)		375 668 000.00	365 054 334.33		10 613 665.67	97.17	96.48	
Contributions Recognised				-			-			
				-			-			
Surplus/Deficit after capital transfe	426 935 152.00	1 455 000.00	-	428 390 152.00	365 054 334.33	-	63 335 817.67			
Capital Expenditure	426 935 152.00	1 455 000.00		428 390 152.00	303 734 297.12		124 655 854.88		-	
				-			-			
Transfers recognised- capital	378 363 000.00	(2 695 000.00)		375 668 000.00	297 421 521.34		78 246 478.66	79.17	78.61	
Public contributions				-			-			
Borrowings				-			-			
Internally Generated funds	48 572 152.00	4 150 000.00		52 722 152.00	6 312 775.78		46 409 376.22	11.97		
				-			-			
Total Sources of capital funds	426 935 152.00	1 455 000.00	-	428 390 152.00	303 734 297.12	-	124 655 854.88			

