

# Annual Financial Statements

for

## Capricorn District Municipality

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

Province:

Limpopo

AFS rounding:

**R (i.e. only cents)**

### Contact Information:

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**Capricorn District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**General information**

**Members of the Council**

Mapoulo ML	<b>Mayor</b>
Lekganyane L	<b>Speaker</b>
Baloyi H	<b>Chief Whip</b>
Matsaung M	Member of the Executive Committee
Kgare B	Member of the Executive Committee
Masoga C	Member of the Executive Committee
Boloka P	Member of the Executive Committee
Mashangoane P	Member of the Executive Committee
Moropa J	Member of the Executive Committee
Kgatla E	Member of the Executive Committee
Vilankulu J	Member of the Executive Committee
Dandane G	Member of the Executive Committee
Tsheola G	Member of the Executive Committee
Mokaba M	Member
Ramatsoma MB	Member
Tsoai ME	Member
Seokotsa MM	Member
Ntsoane MA	Member
Mafikeng MJ	Member
Manthata TW	Member
Racheku MR	Member
Cholo S	Member
Kganyago W	Member
Mokgehle PS	Member
Mathidza SE	Member
Seduma MD	Member
Mphahlele MR	Member
Thobejane MR	Member
Molatjane ML	Member
Leshilo MS	Member
Seakamela NW	Member
Tawana MP	Member
Mehlape QN	Member
Sono MMP	Member
Chauke HE	Member
Tjale MS	Member
Morwana MH	Member
Mamabolo SN	Member
Maja MJ	Member
Sello MJ	Member
Motsoku MR	Member
Lediga A	Member

Setjie ND	Member
Botha AH	Member
Mkohliswa S	Member
Ramalla A	Member
Raletjena MJ	Member

### **Municipal Manager**

Molokomme N

### **Chief Financial Officer**

Essa N

### **Grading of Local Authority**

Grade 4

### **Auditors**

Auditor-General

### **Bankers**

FNB (PRIMARY BANK ACCOUNT)

ABSA

NEDBANK

STANDARD BANK

INVESTEC

**Capricorn District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**General information (continued)**

**Registered Office:**

Capricorn District Municipality

**Physical address:**

41 Biccard Street  
Polokwane  
0700

**Postal address:**

**PO Box 4100**  
Polokwane  
0700

**Telephone number:**

015 294 1000

**Fax number:**

015 291 4297

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**Capricorn District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

**Approval of annual financial statements**

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*DATE*

**Capricorn District Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

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**Capricorn District Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2013

	Note	2013 R	2012 Restated R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	248 764 041	261 293 202
Trade and other receivables from exchange transactions	2	13 685 678	40 121 458
Inventories	3	3 496 718	3 470 020
Prepayments	4	432 591	-
VAT receivable	9	27 137 042	3 974 453
<b>Non-current assets</b>			
Property, plant and equipment	5	1 536 935 945	1 372 297 840
Intangible assets	6	760 089	729 082
<b>Total assets</b>		<b>1 831 212 104</b>	<b>1 681 886 055</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	7	98 828 451	157 903 481
Commission Payable	8	-	-
VAT payable	8	1	-
Current provisions	10	8 755 135	8 083 971
Current portion of unspent conditional grants and receipts	11	107 168 447	112 862 083
Current portion of finance lease liability	12	1 104 875	2 491 464
<b>Non-current liabilities</b>			
Non-current finance lease liability	12	-	1 109 871
Non-current liability	13	4 209 000	5 040 000
Non-current provisions	14	14 125 557	14 129 433
<b>Total liabilities</b>		<b>234 191 465</b>	<b>301 620 303</b>
<b>Net assets</b>		<b>1 597 020 639</b>	<b>1 380 265 752</b>
<b>NET ASSETS</b>			
Reserves		1 987 998	1 987 998
Accumulated surplus / (deficit)		1 595 032 640	1 378 277 754
<b>Total net assets</b>		<b>1 597 020 638</b>	<b>1 380 265 752</b>

**Capricorn District Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2013

	Note	2013 R	2012 Restated R
<b>Revenue</b>			
Service charges	15	29 333 307	34 831 377
Interest earned - external investments	16	17 954 137	15 030 727
Interest earned - outstanding receivables	17	5 443 619	4 160 241
Government grants and subsidies	18	670 157 485	532 317 283
Other income	19	29 035 011	60 360 788
<b>Total revenue</b>		<b>751 923 559</b>	<b>646 700 416</b>
<b>Expenses</b>			
Employee related costs	20	176 960 751	159 379 913
Remuneration of councillors	21	9 094 273	8 301 789
Commission expense		9 044 006	38 987 532
Depreciation and amortisation expense	22	71 472 408	88 654 897
Repairs and maintenance		3 864 702	1 161 873
Finance costs	23	213 451	440 772
Bulk purchases	24	44 310 716	46 599 163
Contracted services	25	4 448 518	3 868 274
Grants and subsidies paid	26	800 000	1 580 000
General expenses	27	213 788 723	178 035 518
<b>Total expenses</b>		<b>533 997 549</b>	<b>527 009 731</b>
Gain / (loss) on sale of assets	28	(1 171 124)	(72 247)
<b>Surplus / (deficit) for the period</b>		<b>216 754 886</b>	<b>119 618 438</b>



**Capricorn District Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2013

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total: Net Assets
Note	R	R	R
<b>Balance at 30 June 2011</b>	<b>1 987 998</b>	<b>1 006 808 762</b>	1 008 796 760
Correction of prior period error		251 835 026	251 835 026
<b>Restated balance</b>	<b>1 987 998</b>	<b>1 258 643 788</b>	1 260 631 786
Surplus / (deficit) for the period		119 618 438	119 618 438
<b>Balance at 30 June 2012</b>	<b>1 987 998</b>	<b>1 126 427 200</b>	<b>1 128 415 198</b>
Correction of prior period error		251 850 554	251 850 554
<b>Restated balance</b>	<b>1 987 998</b>	<b>1 378 277 754</b>	<b>1 380 265 752</b>
Surplus / (deficit) for the period		216 754 886	216 754 886
<b>Balance at 30 June 2013</b>	<b>1 987 998</b>	<b>1 595 032 640</b>	<b>1 597 020 639</b>

**Capricorn District Municipality**  
**CASH FLOW STATEMENT**  
as at 30 June 2013

	Note	2013 R	2012 Restated R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>684 689 724</b>	<b>606 681 811</b>
Grants		664 463 848	590 665 737
Interest received		17 954 137	15 030 727
Other receipts		2 271 739	985 348
<b>Payments</b>		<b>443 245 012</b>	<b>295 575 470</b>
Employee costs		186 055 024	163 343 730
Suppliers		256 976 537	131 790 968
Interest paid		213 451	440 772
<b>Net cash flows from operating activities</b>	29	<b>241 444 712</b>	<b>311 106 340</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		(250 503 331)	(146 330 930)
Purchase of intangibles		(974 082)	(156 285)
<b>Net cash flows from investing activities</b>		<b>(251 477 413)</b>	<b>(146 487 215)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease liability		(2 496 460)	(2 213 919)
<b>Net cash flows from financing activities</b>		<b>(2 496 460)</b>	<b>(2 213 919)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		(12 529 161)	162 405 206
<b>Net cash and cash equivalents at beginning of period</b>		261 293 202	98 887 996
<b>Net cash and cash equivalents at end of period</b>	30	<b>248 764 041</b>	<b>261 293 202</b>

**Cash received**

Consumer Debtors - Opening balance	122 747 255
Sales	29 333 307
Movement	
Closing balance	155 935 172

**Grants Received**

Unpent conditional - Opening balance	112 862 083
Grants revenue (I/S)	670 157 485
Grants received (balancing figure)	664 463 848
Unspent Grants- Closing balance	107 168 447

**Property, Plant and Equipment**

Opening Balance	1 763 767 873
Disposals	1 628 371
Purchases (Balancing figure)	251 502 466
Closing Balance	2 013 641 968

**Intangible Asset**

Opening Balance	6 278 103
Purchases (Balancing figure)	974 082
Closing Balance	7 252 185

**Payments to Suppliers**

Expenses	533 997 549
Employee Related Costs	-186 055 024
Depreciation	-71 472 408
Loss on sale of assets	-1 171 124
	275 298 992

**Movement in trade and Payables**

Opening	-156 758 000
Closing	96 509 446

**Movement in inventories**

Opening	3 470 020
Closing	-3 496 718

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**215 023 741****Payments- Employees Costs**

Employees	176 960 751
Councillors	9 094 273
	186 055 024

**Movement in Current provisions**

Opening balance	-8 083 971
Closing Balance	8 755 135

**Movement in non current provisions**

Opening balance	-14 129 433
Closing Balance	14 125 557

Trade and other payables	
Opening	-1 145 481
Closing	2 319 005
Other Current Liabilities	
Opening	-5 040 000
Closing	4 209 000
	<u>187 064 835</u>

**Finance Lease liability**

Opening Balance	3 601 334.49
Movement	2 496 459.74
Closing Balance	1 104 874.75

**Examples of operating activities**

- a) cash receipts from taxes, levies and fines;
- (b) cash receipts from charges for goods and services provided by the entity;
- (c) cash receipts from grants or transfers and other appropriations or other budget authority made by national government or other entities;
- (d) cash receipts from royalties, fees, commissions and other revenue;
- (e) cash payments to other entities to finance their operations (not including loans);
- (f) cash payments to suppliers for goods and services;
- (g) cash payments to and on behalf of employees;
- (h) cash receipts and cash payments of an insurance entity for premiums and claims, annuities and other policy benefits;
- (i) cash payments of local property taxes or income taxes (where appropriate) in relation to operating activities;
- (j) cash receipts and payments from contracts held for dealing or trading purposes;
- (k) cash receipts or payments from discontinuing operations; and
- (l) cash receipts or payments in relation to litigation settlements.

**Examples of Investing Activities**

- (a) cash payments to acquire property, plant and equipment, intangibles and other long-term assets. These payments include those relating to capitalised development costs and self-constructed property, plant and equipment;
- (b) cash receipts from sales of property, plant and equipment, intangibles and other long-term assets;
- (c) cash payments to acquire equity or debt instruments of other entities and interests in joint ventures (other than payments for those instruments considered to be cash equivalents or those held for dealing or trading purposes);
- (d) cash receipts from sales of equity or debt instruments of other entities and interests in joint ventures (other than receipts for those instruments considered to be cash equivalents and those held for dealing or trading purposes);
- (e) cash advances and loans made to other parties (other than advances and loans made by a public financial institution);
- (f) cash receipts from the repayment of advances and loans made to other parties (other than advances and loans of a public financial institution);
- (g) cash payments for futures contracts, forward contracts, option contracts and swap contracts, except when the contracts are held for dealing or trading purposes, or the payments are classified as financing activities; and
- (h) cash receipts from futures contracts, forward contracts, option contracts and swap contracts,

**Examples of Financing Activities**

- a) cash proceeds from issuing debentures, loans, notes, bonds, mortgages and other short or long-term borrowings;
- (b) cash repayments of amounts borrowed; and
- (c) cash payments by a lessee for the reduction of the outstanding liability relating to a finance lease.



**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2013

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

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

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

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

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

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

**1.2 PRESENTATION CURRENCY**

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

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

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

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

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

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

<b>No.</b>	<b>Title of Standard</b>	<b>Impact on GRAP Reporting</b>
GRAP 20	Related Party Disclosures	No material impact
GRAP 25	Employee Benefits	No material impact
GRAP 105	Transfer of Functions Between Entities	No impact as the municipality is not an
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No impact as no transfer of functions are anticipated in the foreseeable future
GRAP 107	Mergers	No impact as no merger is anticipated in the foreseeable future

Except for GRAP 25, which is effective 1 April 2013, an effective date is yet to be determined for the other standards by the Minister

**New GRAP standards effective from 1 March 2012**

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

No.	Title of Standard
GRAP 23	Revenue from Non-exchange Transactions (Taxes and
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 21	Impairment of Non-Cash generating Assets
GRAP 26	Impairment of Cash-generating Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments

Except for GRAP 24, the standard have no material impact on the annual financial statements  
GARP 24 required additional disclosure requirements. Refer to note 41

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

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

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

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

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

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

### 2.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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



## 2.3 DEPRECIATION

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15-50	Buildings	10-30
Water Maintenance and purification	15-40	Specialist vehicles	10-10
Sewerage	15-50	Other vehicles	5-5
Water Reservoir	30-50	Office equipment	1-10
		Furniture and fittings	1-8
<b>Community</b>		Emergency equipment	1-5
Buildings	10-30	Computer equipment	3-5
Security	5	Machinery	1-5
		Telephones	1-3
<b>Finance lease assets</b>		Communication	1-3
Office equipment	1-10	Copiers	2-3

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

## 2.4 IMPAIRMENTS

### CASH GENERATING ASSETS

Cash generating assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered in accordance with GRAP 26

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the assets fair value less costs of disposal and its value in use. The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belong. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

## **2.4 IMPAIRMENTS**

### **NON CASH GENERATING ASSETS**

Non-cash generating assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered in accordance with GRAP 21

An impairment loss is recognised if the recoverable service amount of an asset is less than its carrying amount. The recoverable service amount of an asset is determined under the restoration cost approach which represents the depreciated replacement cost less the cost to repair the damaged asset. The depreciated replacement cost of an asset is essentially the current cost that will have to be incurred to replace the asset's gross service potential and is then depreciated to reflect the asset's current age or condition.

The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable service amount of the asset is the higher of the assets fair value less costs of disposal and its value in use.

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, zero or fair value less cost of disposal.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life

## **2.5 DERECOGNITION**

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

## **3 INTANGIBLE ASSETS**

### **3.1 INITIAL RECOGNITION**

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

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

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

Intangible assets are initially recognised at cost.

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

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

### **3.2 SUBSEQUENT MEASUREMENT - COST**

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

### **3.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3-10
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

### **3.4 DERECOGNITION**

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

### **3.5 WEBSITE COSTS**

The municipality has a website designed for internal and external access. The municipality is at the operating stage which comprises maintaining and enhancing applications, infrastructure, graphical design and the content of the file. The municipality incurs internally generated costs on the operation of the website and the costs are therefore expensed.

## **4 INVENTORIES**

### **4.1 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.

Consumable inventory is valued using the weighted average cost whilst water inventory is valued using the First in First Out (FIFO) method.

### **4.2 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

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.

Consumable inventories are valued using the weighted average method.

## 5 FINANCIAL INSTRUMENTS

**Financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality**

Financial instruments comprise of financial assets and liabilities in accordance with GRAP 104.

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

A residual interest is any contract that entitles the holder to an interest in the assets of an municipality after deducting all of its liabilities (i.e. net assets)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another municipality; or exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

### 5.1 INITIAL RECOGNITION

Financial instruments, depending on its category, are initially measured at fair value, cost or amortised costs in accordance with GRAP 104. Transaction costs are only included in financial instruments that are initially measured at amortised costs.

#### **Financial instruments classified at fair value (fair value measurement considerations)**

The best evidence of fair value is a quoted price in an active market.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, broker, dealer, etc., and those prices represent actual and regularly occurring market transactions on an arm's length basis

Where there is no active market, the fair value is determined using a valuation technique such as;

- recent arm's length market transaction;
- if available, reference to the current fair value of another instrument that is substantially the same;
- discounted cash flow analysis, discounting the future receipts (payments) of a financial instrument over the period of the contract, by using a market interest rate (adjusted for credit risk), to its present value

Short-term receivables and payables with no stated interest rate is be measured at the original invoice amount if the effect of discounting is immaterial.

#### **Financial instruments classified at amortised cost**

For financial instruments measured at amortised cost, the interest expense (for financial liabilities) or revenue (for financial assets) is calculated by using the effective interest rate method. The interest rate used is equal to the prevailing rate of return for financial instruments having substantially the same terms and characteristics of the municipality's financial instrument which include:

- the credit quality;
- the remaining term over which the contractual interest rate is fixed;
- the remaining period to repayment of the principal; and
- the currency (if applicable).

#### **Financial instruments classified at cost**

If the fair value of a financial instrument cannot be reliably measured, it is measured at cost.

### 5.2 SUBSEQUENT MEASUREMENT

#### **Financial statements designated at fair value**

Financial assets at fair value are subsequently measured by using the **fair value measurement considerations**.

Any gains or losses due to changes in fair market value during the period are reported as gains or losses in the statement of financial performance, because such investments will usually be sold in the near future at their market value.

## 5.2 SUBSEQUENT MEASUREMENT

### Financial instruments designated at amortised costs

This effective interest rate method is used for these financial instruments. The interest rate used is necessary to discount the estimated stream of principal and interest cash flows through the expected life of the financial instrument to equal the amount recognised at initial recognition. The rate is then applied to the carrying amount at each reporting date to determine the interest expense or revenue for the period

### Impairment and uncollectability of financial assets

At the end of **each** reporting period, the municipality assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is **objective evidence that an impairment loss** on a financial asset has occurred, the loss must be recognised in surplus or deficit. Objective evidence that a financial asset or group of assets is impaired can be as a result of the occurrence of one or more of the following events:

Significant financial difficulty experienced by the borrower/debtor;

- Delays in payments (including interest payments) or failure to pay/defaults;
- For economic or legal reasons, allowing disadvantaged customers who are experiencing financial difficulties to pay as and when they can. The municipality would not otherwise have considered this concession. For example, allowing disadvantaged customers to pay their account when they can due to the fact the water it supplies to the customer is a basic human right;
- It is probable that the borrower/debtor will enter sequestration (bankruptcy) or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data, for example historical data, indicating that there is a decrease in the estimated future cash flows that will be received (which can be measured reliably), from a group of financial assets (financial assets with similar credit risk characteristics grouped together) since the initial recognition of those assets. The decrease may not yet be identified for the individual financial assets in the group.

These can include:

- the payment status of borrowers/debtors in the group has deteriorated (e.g. an increased number of delayed payments); or
- national or local economic conditions that are in line with non-payments in the group (e.g. an increase in the unemployment rate in the geographical area of the borrowers/debtors, or adverse changes in market conditions that affect the borrowers/debtors in the group)

An municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an municipality includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

The carrying amount of a financial asset is reduced directly through the use of an allowance account. The impairment loss is recognised in the statement of financial performance

Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised, are **not included** in the collective assessment of impairment.

As soon as information becomes available that specifically identifies losses on individually impaired assets in a group (that are collectively assessed for impairment), those assets are removed from the group and assessed individually for impairment.

For collective assessment of impairment, as indicated above, assets with similar credit risk characteristics are grouped together. The credit risk characteristics should be indicative of the debtors' ability to pay all amounts due according to the contractual terms

### Gains and losses

gain or loss can arise from both a financial asset and financial liability measured at fair value, at amortised cost or cost. Any gains and losses are recognised in the statement of financial performance.

Fair value – Changes in fair value will result in either a gain or loss.

Amortised cost and cost – gains and losses are recognised when derecognised, impaired or through the amortisation process

### **5.3 CATEGORIES OF FINANCIAL INSTRUMENTS**

The municipality has the following categories of financial instruments:

- Trade and other receivables
- Trade and other payables
- Cash and cash equivalents

#### **5.3.1 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are initially designated at fair value.

Short-term receivables with no stated interest rate is be measured at the original invoice amount if the effect of discounting is immaterial.

#### **5.3.2 TRADE AND OTHER PAYABLES**

Financial liabilities consist of trade payables. They are categorised as financial liabilities held at fair value

Short-term payables with no stated interest rate is be measured at the original invoice amount if the effect of discounting is immaterial.

#### **5.3.3 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.

### **5.4 DERECOGNITION**

The municipality derecognises a financial asset only when:

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

If the municipality has not transferred substantially all of the risks and rewards of ownership of the financial asset, it should continue to recognise the asset.

The municipality derecognises a financial liability only when:

- Discharges the liability (or part thereof) by paying the creditor, normally with cash, other financial liabilities, goods or services;
- Is legally released from primary responsibility for the liability (o part of it) either by process of law (expires) or by the creditor (cancelled). If the debtor has given a guarantee, this condition may still be met; or
- Waives the debt or it is assumed by another entity by way of a non-exchange transaction. These transactions are accounted for by considering the requirements in GRAP 104 and GRAP 23 - Revenue from Non-exchange Transactions (Taxes and Transfers).

## **6 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.

## **7 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.

## **8 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.

## **9 PROVISIONS**

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

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

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

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned;
- the principal locations affected;
- the location, function, and approximate number of employees who will be compensated for terminating their
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 10 LEASES

### 10.1 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.

## 11 REVENUE

### 11.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

#### **Measurement**

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

#### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

#### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group;
- the stage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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



## **11 REVENUE**

### **11.1 REVENUE FROM EXCHANGE TRANSACTIONS**

#### **Rendering of services**

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

#### **Interest income**

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the
- The amount of the revenue can be measured reliably;
- Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset;

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

### **11.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality receives revenue from another municipality 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 obligation to repay the amount.

#### **Grants, transfers and donations**

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

## **12 EVENTS AFTER BALANCE SHEET DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the Balance Sheet date. Events after the Balance Sheet date that are indicative of conditions that arose after the Balance Sheet date are dealt with by way of a note to the Financial Statements.

## **13 COMMITMENTS**

A commitment arises when a decision is made to incur a liability e.g purchase order, delivery schedules or contract for construction of infrastructure assets. A commitment becomes a liability when the intention to agree to an outflow of resources outflow of resources becomes a present obligation.

## **14 CONSTRUCTION CONTRACTS**

A construction contract is a contract, or a similar binding agreement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Where the outcome of a construction contract can be estimated reliably, costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date in accordance with GRAP 11. The cost of the contract is measured according to the physical proportion that the contract costs, incurred for work performed to date, bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work are included to the extent that they have been approved by the Accounting officer or Council.

## **15 EMPLOYEE BENEFITS**

### **15.1 Short-term employee benefits**

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

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

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

### **15.2 Defined contribution plans**

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

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

The municipality provides retirement benefits to employees and councillors through contributions made to designated retirement or pension funds.

### **15.3 Long term service awards and accumulated leave days**

#### **Long term service**

Employees qualify for additional leave for various period of uninterrupted service in accordance with SALGBC condition of service. The long term service award measured in accordance with IAS 19 through an actuarial valuation.

#### **Accumulated leave days**

Accumulated leave benefit accrues to employees upto maximum of 48 leave days. The benefits are paid in the events of death, disability, retrenchment or/and retirement. Employees who have leave days in excess of the 48 days for periods, before the conditions of service came to effect, are measured in accordance with IAS 19 through an actuarial valuation.

### **15.4 Post employment obligations**

The municipality provides post employment medical care benefits to retired employees completion of a minimum service period. The expected cost, of these benefits is accrued over the life expectancy of the retired employees.

The actuarial valuation method used to value liabilities is the Projected Unit Credit Method prescribed by IAS 19.

Any plan assets are valued at current market value as required by IAS 19.

## **16 CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND PRIOR PERIOD ERRORS**

### **16.1 Change in accounting estimate**

Change in accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities.

Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors. Any changes to the relevant financial items (associated with assets and liabilities) are made prospectively (see definition of prospective application below)

### **16.2 Change in accounting policy**

Accounting policies are the specific principles, bases, conventions, rules and practices applied by an municipality in preparing and presenting financial statements. Any changes to these policies arising from new or amended GRAP standards will be applied either retrospectively or prospectively if transitional provisions exists. (see definition of retrospective application below).

## **16 CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND PRIOR PERIOD ERRORS**

### **16.3 Prior period errors**

Prior period errors are omissions from, and misstatements in, the municipality's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that;

- (a) was available when financial statements for those periods were authorised for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

### **16.4 Measurement/re-measurement**

#### **Change in accounting policy and change in estimate**

Prospective application of a change in an accounting policy and of recognising the effect of a change in an accounting estimate, respectively, are;

- (a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and
- (b) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

Retrospective application is applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

#### **Prior period errors**

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		1 049	19
Cash at bank		9 792 797	57 443 918
Call deposits		238 970 196	203 849 265
		248 764 041	261 293 202
The Municipality has the following bank accounts: -			
<b><u>Current Account (Primary Bank Account)</u></b>			
First National Bank-Polokwane branch			
Cash book balance at beginning of year		57 443 918	32 094 607
Cash book balance at end of year		9 792 797	57 443 918
Bank statement balance at beginning of year		57 824 956	32 094 457
Bank statement balance at end of year		26 026 575	57 824 956
<b><u>Investment Accounts (Other Account)</u></b>			
First national Bank Call Account Number: Account number 62021167772		7 091 135	694 746
First national Bank Fixed deposit 74309081491		-	-
Standard Bank Call Accounts: Account number 438850521-003		-	5 701
Nedbank Deposit Account: Account number 7496500097		34 084 287	-
Absa Call Account : Account number 2070168490		100 919 136	101 694 883
Investec call:Account number: 1400-200848-450		96 875 637	101 453 935
Cash book balance at beginning of year			203 849 265
Cash book balance at end of year		238 970 196	203 849 265
Bank statement balance at beginning of year		203 849 265	66 792 252
Bank statement balance at end of year		238 970 196	203 849 265
<b><u>Cash on hand</u></b>		1 049	19
Total cash and cash equivalents		248 764 041	261 293 202
Total bank overdraft		-	-

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANG</b>			
<b>Trade receivables</b>			
<b>as at 30 June 2013</b>			
Service debtors			
Water and Sanitation	155 935 172	(148 113 471)	7 821 702
<b>Total</b>	<b>155 935 172</b>	<b>(148 113 471)</b>	<b>7 821 702</b>
<b>Other receivables</b>	<b>5 863 976</b>	<b>-</b>	<b>5 863 976</b>
<b>Other receivables</b>	<b>5 863 976</b>	<b>-</b>	<b>5 863 976</b>
<b>Total Trade and other receivables</b>	<b>161 799 149</b>	<b>(148 113 471)</b>	<b>13 685 678</b>
<b>as at 30 June 2012</b>			
Service debtors			
Water	122 747 255	(88 889 598)	33 857 657
<b>Total</b>	<b>122 747 255</b>	<b>(88 889 598)</b>	<b>33 857 657</b>
<b>Other receivables</b>	<b>6 263 801</b>	<b>-</b>	<b>6 263 801</b>
<b>Other receivables</b>	<b>6 263 801</b>	<b>-</b>	<b>6 263 801</b>
<b>Total Trade and other receivables</b>	<b>129 011 056</b>	<b>(88 889 598)</b>	<b>40 121 458</b>
<b>2 Reconciliation of the doubtful debt provision</b>			
Balance at beginning of the year			
Contributions to provision		148 113 471	88 889 598
<b>3 INVENTORIES</b>			
<b>Opening balance of inventories:</b>	<b>3 470 020</b>		<b>2 995 872</b>
Consumable stores - at cost	211 569		302 868
Maintenance materials - at cost	2 940 470		2 418 295
Water	317 981		274 709
<b>Additions:</b>	<b>1 149 903</b>		<b>1 255 017</b>
Consumable stores	878 549		689 569
Maintenance materials	-		522 175
Water	271 354		43 272
<b>Issued (expensed):</b>	<b>(773 945)</b>		<b>(698 896)</b>
Consumable stores	(773 945)		(698 896)
Water	-		-
<b>Write-down / (reversal of write-down) to Net</b>			
<b>Replacement Value (NRV) or Net Replacement Cost</b>			
<b>(NRC):</b>	<b>-</b>		<b>(81 972)</b>
Consumable stores	-		(81 972)
Water	-		-
<b>Closing balance of inventories:</b>	<b>3 496 718</b>		<b>3 470 020</b>
Consumable stores	316 172		211 569
Maintenance materials	2 909 192		2 940 470
Water	271 354		317 981
<b>4 PREPAYMENTS</b>			
Prepaid expenses		432 591	-

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

**5 PROPERTY, PLANT AND EQUIPMENT**

**5.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
<b>as at 1 July 2012</b>	<b>11 861 500</b>	<b>50 233 190</b>	<b>1 266 857 313</b>	<b>39 266 827</b>	<b>4 079 010</b>	<b>1 372 297 840</b>
Cost/Revaluation	11 861 500	61 466 933	1 622 165 988	61 888 914	6 384 538	1 763 767 873
Correction of error (note 32)						-
Change in accounting policy (note 31)						-
Accumulated depreciation and impairment losses	-	(11 233 743)	(355 308 675)	(22 622 087)	(2 305 528)	(391 470 033)
Acquisitions	-	181 170	244 474 746	6 846 550	-	251 502 466
Capital under Construction	-	-	-	-	-	-
Depreciation	-	(1 864 681)	(60 601 225)	(4 459 615)	(3 603 814)	(70 529 334)
Carrying value of disposals	-	-	<b>(790 245)</b>	<b>(384 781)</b>	-	<b>(1 175 026)</b>
Cost/Revaluation	-	-	(1 151 358)	(477 013)	-	(1 628 371)
Accumulated depreciation and impairment losses	-	-	361 114	92 232	-	453 345
Impairment loss/Reversal of impairment loss	-	-	(14 938 090)	-	-	(14 938 090)
Transfers	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-
<b>as at 30 June 2013</b>	<b>11 861 500</b>	<b>48 549 679</b>	<b>1 434 778 034</b>	<b>41 271 536</b>	<b>475 196</b>	<b>1 536 935 945</b>
Cost/Revaluation	11 861 500	61 648 103	1 865 489 376	68 258 451	6 384 538	2 013 641 968
Accumulated depreciation and impairment losses	-	(13 098 424)	(430 711 341)	(26 986 915)	(5 909 342)	(476 706 022)

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2012

**5.2 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
<b>as at 1 July 2011</b>	<b>11 861 500</b>	<b>47 699 154</b>	<b>975 936 420</b>	<b>24 681 287</b>	<b>5 143 100</b>	<b>1 065 321 461</b>
Cost/Revaluation	11 861 500	58 474 711	1 201 297 031	43 326 918	6 384 538	1 321 344 698
Correction of error (note 32)						-
Change in accounting policy (note 31)						-
Accumulated depreciation and impairment losses	-	(10 775 557)	(225 360 611)	(18 645 632)	(1 241 438)	(256 023 237)
Acquisitions	-	2 982 614	126 844 090	16 504 225	-	146 330 930
Capital under Construction	-	-	-	-	-	-
Depreciation	-	(2 115 540)	(76 543 918)	(9 114 358)	(1 064 090)	(88 837 906)
Carrying value of disposals	-	-	<b>(147 022)</b>	-	-	<b>(147 022)</b>
Cost/Revaluation	-	-	(147 022)	-	-	(147 022)
Accumulated depreciation and impairment losses	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	(730 611)	-	(730 611)
Transfers	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>11 861 500</b>	<b>50 233 190</b>	<b>1 266 857 313</b>	<b>39 266 827</b>	<b>4 079 010</b>	<b>1 372 297 840</b>
Cost/Revaluation	11 861 500	61 466 933	1 622 165 988	61 888 914	6 384 538	1 763 767 873
Accumulated depreciation and impairment losses	-	(11 233 743)	(355 308 675)	(22 622 087)	(2 305 528)	(391 470 033)

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>6 INTANGIBLE ASSETS</b>			
<b>6.1 Reconciliation of carrying value</b>			
	<b>Computer Software R</b>	<b>Other* R</b>	<b>Total R</b>
<b>as at 1 July 2012</b>	729 082	-	729 082
Cost	6 278 103	-	6 278 103
Correction of error (note 32)		-	-
Change in accounting policy (note 31)		-	-
Accumulated amortisation and impairment losses	(5 549 021)	-	(5 549 021)
Acquisitions	974 082	-	974 082
Amortisation	(943 074)	-	(943 074)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2013</b>	<b>760 089</b>	<b>-</b>	<b>760 089</b>
Cost	7 252 185	-	7 252 185
Accumulated amortisation and impairment losses	(6 492 095)	-	(6 492 095)
<b>6.2 Reconciliation of carrying value</b>			
	<b>Computer Software R</b>	<b>Other* R</b>	<b>Total R</b>
<b>as at 1 July 2011</b>	5 429	-	5 429
Cost	5 530 967	-	5 530 967
Correction of error (note 32)		-	-
Change in accounting policy (note 31)		-	-
Accumulated amortisation and impairment losses	(5 525 538)	-	(5 525 538)
Acquisitions	747 136	-	747 136
Amortisation	(23 483)	-	(23 483)
Carrying value of disposals	-	-	-
Cost	-	-	-
Accumulated amortisation	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	-	-
<b>as at 30 June 2012</b>	<b>729 082</b>	<b>-</b>	<b>729 082</b>
Cost	6 278 103	-	6 278 103
Accumulated amortisation and impairment losses	(5 549 021)	-	(5 549 021)



**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Trade creditors		43 284 571	121 297 686
Payments received in advance		-	-
Retentions		50 239 497	34 325 714
Staff leave accrual		4 947 262	1 207 000
Accrued interest		-	-
Other creditors		357 121	1 073 081
<b>Total creditors</b>		<b>98 828 451</b>	<b>157 903 481</b>
<b>8 VAT PAYABLE</b>			
VAT payable		1	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			-
<b>9 VAT RECEIVABLE</b>			
VAT receivable		27 137 042	3 974 453
		<b>27 137 042</b>	<b>3 974 453</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.			
<b>10 PROVISIONS</b>			
Performance bonus		4 880 535	6 742 971
Current portion of long-service provision (see note 25)		938 000	1 341 000
13th cheque		2 936 600	-
<b>Total Provisions</b>		<b>8 755 135</b>	<b>8 083 971</b>
The movement in current provisions are reconciled as follows: -			
		<b>Performance Bonus</b>	<b>Provision for leave</b>
<b>as at 1 July 2012</b>			
Contributions to provision		4 398 035	-
Expenditure incurred		482 500	-
<b>as at 30 June 2013</b>		<b>4 880 535</b>	<b>-</b>
<b>as at 1 July 2011</b>			
Contributions to provision		3 858 052	-
Expenditure incurred		539 983	-
<b>as at 30 June 2012</b>		<b>4 398 035</b>	<b>-</b>
		<b>Current portion Long-service</b>	<b>13th cheque</b>
<b>as at 1 July 2012</b>			
Transfer from non-current		938 000	2 573 988
Contributions to provision		-	362 612
<b>as at 30 June 2013</b>		<b>938 000</b>	<b>2 936 600</b>
<b>as at 1 July 2011</b>			
Transfer from non-current		751 000	2 483 994
Contributions to provision		590 000	-
Expenditure incurred		-	89 994
<b>as at 30 June 2012</b>		<b>1 341 000</b>	<b>2 573 988</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>11 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>			
<b>11.1 Unspent Conditional Grants from other spheres of Government</b>			
MIG Grants		105 332 750	110 744 610
Water operating services operating Grant		-	-
Rural Transport Services infrastructure Grant		490 873	1 421 582
Finance Management Grant		266 435	178 731
Municipal System improvement Grant		-	517 160
EPWP		1 078 388	-
<b>Total Unspent Conditional Grants and Receipts</b>		<b>107 168 447</b>	<b>112 862 083</b>
<b>Current portion of unspent conditional grants and receipts</b>		<b>107 168 447</b>	<b>112 862 083</b>

The roll over to be applied for is R57m

**12 FINANCE LEASE LIABILITY**

	Minimum lease payment	Future finance charges	Present value of minimum lease payments
	R	R	R
<b>2013</b>			
<b>Amounts payable under finance leases</b>			
Within one year	1 128 464	23 589	1 104 875
Within two to five years			
	1 128 464	23 589	1 104 875
Less: Amount due for settlement within 12 months (current portion)			-1 104 875
			-
<b>2012</b>			
<b>Amounts payable under finance leases</b>			
Within one year	2 727 481	236 017	2 491 464
Within two to five years	1 136 451	26 580	1 109 871
	3 863 932	262 597	3 601 334
Less: Amount due for settlement within 12 months (current portion)			-2 491 464
			1 109 871

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>13 OTHER FINANCIAL LIABILITIES</b>			
<b>13.1 OTHER NON-CURRENT FINANCIAL LIABILITIES</b>			
Other non-current financial liabilities		4 209 000	5 040 000
<b>14 NON-CURRENT PROVISIONS</b>			
Provision for long-service awards		14 125 557	14 129 433
<b>Total Non-Current Provisions</b>		<b>14 125 557</b>	<b>14 129 433</b>
<b>Provision for leave</b>			
<b>Balance at the beginning of year</b>		14 129 433	6 784 000
Contributions to provision		3 333 386	9 893 433
Transfer to current provisions		(3 337 262)	-2 548 000
<b>Balance at the end of year</b>		<b>14 125 557</b>	<b>14 129 433</b>
<b>Net expense recognised in the Income Statement</b>			
Current Service Cost		487 000	950 000
Interest cost		854 000	582 000
New Members			-733 000
Curtailment or settlement		(199 213)	68 000
Actuarial(Gain)losses		(2 443 787)	9 026 433
		<b>(1 302 000)</b>	<b>9 893 433</b>
<b>15 SERVICE CHARGES</b>			
Sale of water		29 333 307	34 831 377
<b>Total Service Charges</b>		<b>29 333 307</b>	<b>34 831 377</b>
<b>16 INTEREST EARNED - EXTERNAL INVESTMENTS</b>			
Bank		17 954 137	15 030 727
<b>Total interest</b>		<b>17 954 137</b>	<b>15 030 727</b>
<b>17 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>			
Interest: Water and Sanitation charges debtors		5 443 619	3 690 493
<b>Total interest</b>		<b>5 443 619</b>	<b>4 160 241</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>18 GOVERNMENT GRANTS AND SUBSIDIES</b>			
Equitable share		402 162 000	365 229 000
MIG Grant		216 379 860	116 896 223
Other Government Grants and Subsidies		51 615 625	50 192 059
<b>Total Government Grant and Subsidies</b>		<b>670 157 485</b>	<b>532 317 283</b>
<b>18.1 Equitable Share</b>			
In terms of the Constitution, this grant is an unconditional grant			
<b>18.2 MIG Grant</b>			
<b>Balance unspent at beginning of year</b>		110 744 610	53 726 835
Current year receipts		210 968 000	173 913 999
Conditions met - transferred to revenue		(216 379 860)	-116 896 223
<b>Conditions still to be met - remain liabilities (see note 12)</b>		<b>105 332 750</b>	<b>110 744 610</b>
<i>MIG grant of 2012/13 amounting to R57 143 430 has been applied for an rollover</i>			
<b>18.3 Other Government Grants and Subsidies</b>			
<b>Balance unspent at beginning of year</b>		2 117 472	786 794
Current year receipts		51 333 849	49 405 265
Conditions met - transferred to revenue		(51 615 625)	-50 192 059
<b>Conditions still to be met - remain liabilities (see note 12)</b>		<b>1 835 696</b>	<b>-</b>
<b>19 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>			
<b>19.1 Other income</b>			
Other income		29 035 011	60 360 788
<b>Total Other Income</b>		<b>29 035 011</b>	<b>60 360 788</b>
<b>20 EMPLOYEE RELATED COSTS</b>			
Employee related costs - Salaries and Wages		119 539 719	106 835 560
Employee related costs - Contributions for UIF, pensions and medical aids		27 932 327	25 559 797
Travel, motor car, accommodation, subsistence and other allowances		5 573 652	4 168 255
Housing benefits and allowances		2 308 250	2 470 069
Overtime payments		2 993 178	2 482 590
Performance and other bonuses		4 880 534	4 058 807
Other employee related costs		13 733 091	13 804 834
<b>Employee Related Costs</b>		<b>176 960 751</b>	<b>159 379 913</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>Remuneration of the Municipal Manager</b>			
Annual Remuneration		1 007 691	889 518
Performance- and other bonuses		74 583	-
Travel, motor car, accommodation, subsistence and other allowances		240 670	182 880
Contributions to UIF, Medical and Pension Funds		264 756	224 498
<b>Total</b>		<b>1 587 699</b>	<b>1 296 895</b>

**Remuneration of the Chief Finance Officer**

Annual Remuneration		967 738	713 358
Performance- and other bonuses		30 698	22 084
Travel, motor car, accommodation, subsistence and other allowances		224 509	96 000
Contributions to UIF, Medical and Pension Funds		5 901	143 303
<b>Total</b>		<b>1 228 846</b>	<b>974 745</b>

**Remuneration of Development, Economic and Planning Management Services**

Annual Remuneration		548 257	615 338
Performance- and other bonuses		40 948	13 059
Travel, motor car, accommodation, subsistence and other allowances		173 376	120 000
Contributions to UIF, Medical and Pension Funds		46 344	93 798
<b>Total</b>		<b>808 925</b>	<b>842 195</b>

**Remuneration of Strategic Support Services**

Annual Remuneration		439 688	624 270
Performance- and other bonuses		82 809	25 307
Travel, motor car, accommodation, subsistence and other allowances		296 123	197 913
Contributions to UIF, Medical and Pension Funds		106 213	32 711
<b>Total</b>		<b>924 834</b>	<b>880 201</b>

**Remuneration of Individual Executive Directors**

	Technical Services R	Corporate Services R	Community Services R
<b>2013</b>			
Annual Remuneration	265 362	767 320	566 082
Performance- and other bonuses	23 878	172 718	47 291
Travel, motor car, accommodation, subsistence and other allowances	77 561	-	121 846
Contributions to UIF, Medical and Pension Funds	6 653	76 397	150 445
<b>Total</b>	<b>373 454</b>	<b>1 016 435</b>	<b>885 663</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
	Technical Services R	Corporate Services R	Community Services R
<b>2012</b>			
Annual Remuneration	379 316	418 888	529 910
Performance- and other bonuses	43 500	-	22 084
Travel, motor car, accommodation, subsistence and other allowances	102 768	182 880	96 000
Contributions to UIF, Medical and Pension Funds	70 934	41 672	143 303
<b>Total</b>	<b>596 519</b>	<b>643 440</b>	<b>791 297</b>
<b>21 REMUNERATION OF COUNCILLORS</b>			
Executive Mayor		710 115	672 471
Deputy Executive Mayor		-	
Speaker		556 101	526 490
Executive Committee Members		2 655 178	3 410 304
Councillors		3 889 511	2 262 756
Councillors' pension and medical aid contributions		747 974	722 493
Councillors' allowances		535 394	707 275
<b>Total Councillors' Remuneration</b>		<b>9 094 273</b>	<b>8 301 789</b>
<b>22 DEPRECIATION AND AMORTISATION EXPENSE</b>			
Property, plant and equipment		70 529 334	88 646 038
Intangible assets		943 074	8 860
Investment property carried at cost		-	-
Biological assets carried at cost		-	-
<b>Total Depreciation and Amortisation</b>		<b>71 472 408</b>	<b>88 654 897</b>
<b>23 FINANCE COSTS</b>			
Borrowings		213 451	440 772
<b>Total Finance Costs</b>		<b>213 451</b>	<b>440 772</b>
<b>24 BULK PURCHASES</b>			
Water		44 310 716	46 599 163
<b>Total Bulk Purchases</b>		<b>44 310 716</b>	<b>46 599 163</b>
<b>25 CONTRACTED SERVICES</b>			
<i>Security Services</i>		4 128 780	3 569 467
<i>Cleaning Services- Steiner</i>		175 486	153 455
<i>Computer services-Mweb</i>		144 252	143 352
		<b>4 448 518</b>	<b>3 866 274</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>26 GRANTS AND SUBSIDIES PAID</b>			
Grants paid to Local Municipalities within the district		800 000	1 580 000
		<b>800 000</b>	<b>1 580 000</b>
<b>27 GENERAL EXPENSES</b>			
Included in general expenses are the following:-			
Advertising		1 740 159	1 374 815
Audit fees		2 127 188	2 316 175
Bank charges		145 742	119 722
Bursaries		1 168 881	1 342 127
Computer related expenses		3 308 277	2 495 573
Conferences and delegations		1 613 397	1 288 868
Debt Impairment		51 950 766	59 375 441
Disaster and Emergency Services		803 460	1 009 731
Electricity -Infrastructure		11 375 681	10 783 542
Environmental management projects		932 461	439 146
Financial development to Local municipalities		9 742 996	2 855 221
Fleet management		-	1 008 604
Fleet payments		4 368 982	8 807 536
Forensic investigation		21 035	1 756 999
Household sanitation		16 330 329	5 471 482
Insurance		1 775 275	1 477 932
Interest expense		97 241	2 833 752
Legal expenses		1 381 551	926 936
Membership fees		1 555 359	1 248 693
Postage		6 359	6 067
Printing and stationery		770 525	609 602
Professional fees		15 316 900	2 071 077
Rental of buildings		2 685 423	1 972 721
Rental of office equipment		273 418	545 775
Skills development levies		1 396 085	1 205 694
Special focus		1 588 284	755 834
Stakeholder participation		1 587 794	2 065 169
Stocks and material		96 627	146 541
Strategy and Planning		1 710 912	3 438 259
Subscription & publication		524 986	325 036
Telephone cost		3 702 712	3 661 925
Training		1 893 783	1 727 998
Travel and subsistence		6 437 987	4 550 922
Uniforms & overalls		160 802	1 843 484
Valuation costs		-	4 420 000
Water and Electricity		892 619	1 011 087
Water and Sanitation		37 153 057	29 531 090
Water Quality		1 260 811	1 356 755
Other		25 890 859	9 858 188
		<b>213 788 723</b>	<b>178 035 518</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>28 GAIN / (LOSS) ON SALE OF ASSETS</b>			
Property, plant and equipment		(1 171 124)	-72 247
<b>Total Gain / (Loss) on Sale of Assets</b>		<b>(1 171 124)</b>	<b>-72 247</b>
<b>29 CASH GENERATED BY OPERATIONS</b>			
Surplus/(deficit) for the year		216 754 886	119 618 438
Adjustment for:-			
Depreciation and amortisation		71 472 408	88 654 897
(Gain) / loss on sale of assets		1 171 124	72 247
Contribution to provisions - non-current			4 271 000
Contribution to provisions - current		1 074 162	1 219 977
Interest paid - Water charges		-	-287 926
Impairment of assets		14 938 090	730 611
Actuarial(Gain)losses		(2 443 787)	-
<b>Operating surplus before working capital changes:</b>		<b>302 966 884</b>	<b>214 279 244</b>
(Increase)/decrease in inventories		(26 698)	-474 148
(Increase)/decrease in other receivables		26 435 780	25 989 600
(Increase)/decrease in VAT receivable		(23 162 590)	34 467 174
Increase/(decrease) in conditional grants and receipts		(5 693 636)	58 348 454
Increase/(decrease) in trade payables		(59 075 030)	-38 525 653
Increase/(decrease) in VAT payable		1	4 865 714
<b>Cash generated by/(utilised in) operations</b>		<b>241 444 712</b>	<b>298 950 385</b>
<b>30 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash		248 764 041	261 293 202
Bank overdrafts		-	-
<b>Net cash and cash equivalents (net of bank overdrafts)</b>		<b>248 764 041</b>	<b>261 293 202</b>
<b>31 CHANGE IN ACCOUNTING POLICY</b>			
Refer to accounting policies, clause 1.5.			



**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

	Note	2013 R	2012 R
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**32 CORRECTION OF ERROR**

During the year ended 30 June 2012 and previous years, the following were incorrectly recognised: -

**LIABILITIES**

During the current year, the municipality discovered that there were overstatements in the vendors and payroll accounts. The error resulted in overstatement of trade and other payables in the statement of financial position. The error is therefore corrected		-63 399	
During the current year, the municipality discovered that there were overstatements in of commission payable to local municipalities. The error resulted in overstatement of trade and other payables in the statement of financial position. The error is therefore corrected		27 658 796	
During the current year, the municipality discovered that there were overstatements in of vat payable. The error resulted in overstatement of trade and other payables in the statement of financial position. The error is therefore corrected		-14 513 279	

**PROVISION**

**CURRENT PROVISIONS**

Provision for 13th cheque pro-rata bonus and performance bonus provided in the previous financial year is more than the actual payments made in the current financial years. The error resulted in overstatement of current provisions in the statement of financial position. The overprovision is therefore corrected.		-229 052	
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**NON-CURRENT PROVISIONS**

Provision for accumulated leave was underprovided in the previous financial year as per actuarial valuation reports. The error resulted in overstatement of non-current provision in the statement of financial position. The under provision is therefore corrected.		4 606 433	
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**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>DEBTORS</b>			
During the previous year other accounts receivables were overstated. The overstatement resulted from amounts recovered from councillors for cell phones and it was not considered in the 2011/12 financial year. The error was corrected in the statement of financial performance and statement of financial position.		-632 795	
During the current year, the municipality discovered that there were overstatements in of water debtors local municipalities. The error resulted in overstatement of trade and other payables in the statement of financial position. The error is therefore corrected		-13 579 462	
During the current year it was discovered that VAT payable relating to water debtors was overstated.		14 513 279	
Vat receivable was overstated in the previous financial year. Vat for June 2010 was audited and the assessment disallowed some of the amounts claimed .The error resulted in overstatement of vat receivable in the statements of financial position.		7 000 995	
<b>ASSETS</b>			
<b>PROPERTY, PLANT AND EQUIPMENT</b>			
During the current financial year it was discovered that property, plant and equipment acquired in the previous financial years were not capitalised. The acquisition costs of the buildings could not be identified and were therefore fair valued. Consequently the accumulated depreciation for the property, plant and equipment were also understated.		(2 229 959)	
During the current financial year it was discovered that property, plant and equipment acquired in the previous financial years were not capitalised. Water and roads assets were understated in previous years. Consequently the accumulated depreciation for the property, plant and equipment were also understated.		(159 425 782)	
<b>INTANGIBLE ASSETS</b>			
During the current financial year it was discovered that intangible assets acquired in the previous financial years were not capitalised. The acquisition costs of the buildings could not be identified and were therefore fair valued. Consequently the accumulated depreciation for the tangible assets were also understated.		(576 227)	
<b>REVENUE</b>			
During the year it was discovered that the revenue from service charges was misstated due to miss alignment to the billing reports		(5 737 615)	

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

	Note	2013 R	2012 R
The comparative amount has been restated as follows:			
Overstatement of cell phone debtors in prior year		(53 806)	
Understatement of cell phone debtors in prior year		4 295	
Understatement of debtors - medical expenses		12 241	
Overstatement of vat receivable in prior year		(6 104 121)	
Understatement of vat receivable in prior year -interest and penalty charges		(1 059 938)	
Understatement of creditors in prior year - accounts payable		(386 752)	
Overstatement of creditors in prior year - Provision for creditors		17 821	
Overstatement of creditors in prior year - accounts payable		198 160	
Overstatement of provision in prior year- Prorate bonus (13th cheque)		14 772	
Overstatement of provision in prior year- Performance bonus		357 160	
Understatement of provision for long-term leave		(4 606 433)	
Understatement of provision for prorated bonus(13 cheque)		(97 780)	
Understatement of provision for performance bonus		(17 932)	
Sales revenue		(40 568 993)	
interest		(3 686 405)	
Commission paid		27 455 612	
VAT			
Impairment		16 366 144	
Net effect on surplus/(deficit) for the year		<u>(12 155 955)</u>	-
Understatement of cell phone debtors in prior year			682 307
Overstatement of creditors in prior year - accounts payable			101 027
Overstatement of creditors in prior year - accounts payable			105 404
Understatement of accrued expenses on rentals			(40 631)
Understatement of creditors in prior year - payroll vendors			(31 825)
Overstatement of creditors in prior year - payroll vendors			100 195
Understatement of provision for performance bonus			(27 169)
Understatement of property, plant and equipment - Buildings			9 608
Understatement of property, plant and equipment - Furniture and Fittings			858 044
Understatement of property, plant and equipment - Machinery and Equipment			369 961
Understatement of property, plant and equipment - Computer Equipment			1 793 054
Understatement of accumulated depreciation - Buildings			(384)
Understatement of accumulated depreciation - Furniture and Fittings			(408 191)
Understatement of accumulated depreciation - Machinery and Equipment			(121 882)
Understatement of accumulated depreciation - Computer Equipment			(285 779)
Understatement of software in prior year			590 851
Understatement of accumulated depreciation - Software's			(14 623)
Understatement of accumulated depreciation - Software's			(719 040)
Understatement of vat receivable in prior year			163 064
Understatement of capital expenditure in prior year		15 528	(545 427)
Reversal of opening balances- water debtors			(85 952 575)

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

	Note	2013 R	2012 R
The comparative amount has been restated as follows:			
Reversal of opening balances- vat payable on water			14 513 279
Reversal of opening balance - commission payable on water			(554 877)
Reversal of opening balances provision for bad debts- water			72 428 117
New opening balances- water debtors			105 077 251
New opening balance - commission payable on water			(105 077 251)
New opening balance - commission payable on water			77 973 332
New opening balances provision for bad debts- water debtors			(77 973 332)
Understatement of property, plant and equipment - Water			294 131 314
Overstatement of property, plant and equipment - PPE			(963 289)
Understatement of property, plant and equipment - roads			1 021
Understatement of accumulated depreciation -water			(134 396 788)
Understatement of accumulated depreciation -PPE			(405 809)
Understatement of accumulated depreciation -Furniture and fittings			(538 916)
Overstatement of accumulated depreciation - Office equipment			119 422
Overstatement of accumulated depreciation - PPE			7 903 170
Overstatement of accumulated depreciation - Buildings			322 409
Overstatement of accumulated depreciation -water			80 992 642
Overstatement of accumulated depreciation -Computer equipment			653 524
Overstatement of accumulated depreciation - motor vehicle			1 003 817
Net effect on Statement of Financial Position		15 528	251 835 026
Net effect on Accumulated surplus opening balance		(12 140 426)	251 835 026

**33 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**33.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance		
Unauthorised expenditure current year		17 931 586
Approved by Council or condoned		
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation		-
		<b>17 931 586</b>

Incident proceedings	Disciplinary steps/criminal
<p><i>The municipality exceeded its bad debt provision in the finance vote due to the write off on the consumer debtors of Lepelle Nkumpi Municipality. The decision was taken and approved by council after year end. This unauthorised expenditure for finance is R16 974 603 and does not represent a cash</i></p> <p><i>The municipality exceeded the budget vote from Community Services due to under budgeting on overtime for health services amounting to R956 983</i></p>	

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>33.2 Irregular expenditure</b>			
<b>Reconciliation of irregular expenditure</b>			
Opening balance		25 463 374	42 504 682
Irregular expenditure current year		19 371 977	25 463 374
Condoned or written off by Council			-42 504 682
To be recovered – contingent asset (see note)			
Irregular expenditure awaiting condonement		<u>44 835 351</u>	<u>25 463 374</u>

Incident	Disciplinary steps/criminal
<i>Non-adherence to Supply Chain Policy</i>	
<i>The irregular expenditure was as a result of contracts awarded in the prior financial year that were irregular due to the fact that the municipality did not take in the new regulations effective 7 December 2011. This resulted in the 80:10:10 point system used instead of the 80:20 for all affected suppliers. As a result any payment on these contracts will be regarded as irregular when paid in the 12/13 financial year. Out of the 22 suppliers making up the current irregular expenditure, only 1 (R265 500) relates to</i>	

**33.3 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance	13 044 482	76 329
Fruitless and wasteful expenditure current year	97 241	12 968 153
Condoned or written off by Council		
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement	<u>13 141 723</u>	<u>13 044 482</u>

Incident	Disciplinary steps/criminal proceedings
<i>Interest charged on long outstanding invoice</i>	

**34 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**34.1 Contributions to organised local government**

Opening balance		
Council subscriptions	1 511 864	1 187 081
Amount paid - current	(1 511 864)	(1 187 081)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>34.2 Audit fees</b>			
Opening balance			
Current year audit fee		2 127 188	2 316 175
Amount paid - current year		(2 126 444)	(2 316 175)
Amount paid - previous years			
<b>Balance unpaid (included in payables)</b>		<b>744</b>	<b>-</b>
<b>34.3 VAT</b>			
VAT input receivables from SARS with regard to transactions incurred by the municipality.			
VAT payables are shown in note 18 is disclosed with regard to revenue services rendered by the local municipalities on an agency basis. The district municipality accounts for its vat transactions on an invoice basis whereas the local municipality accounts for vat on cash basis All VAT returns have been submitted by the due date throughout the year.			
<b>PAYE and UIF</b>			
Opening balance			
Current year payroll deductions		28 205 639	22 715 001
Amount paid - current year		(28 478 058)	-22 715 001
<b>Balance unpaid (included in payables)</b>		<b>(272 419)</b>	<b>-</b>
<b>34.4 Pension and Medical Aid Deductions</b>			
Opening balance			
Current year payroll deductions and Council Contributions		39 883 846	23 481 380
Amount paid - current year		(39 883 846)	-23 481 380
Amount paid - previous years			
<b>Balance unpaid (included in payables)</b>		<b>-</b>	<b>0</b>
<b>35 CAPITAL COMMITMENTS</b>			
<b>35.1 Commitments in respect of capital expenditure</b>			
<b>Approved and contracted for</b>		<b>154 027 986</b>	<b>144 482 125</b>
Infrastructure		57 143 430	129 785 767
Community		205 660	4 288 895
Other		96 678 896	10 407 463
<b>Total</b>		<b>154 027 986</b>	<b>144 482 125</b>
This expenditure will be financed from:			
- Government Grants		58 712 860	144 482 125
- Equitable share grants		95 315 126	-
		<b>154 027 986</b>	<b>144 482 125</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>35.2 Operating leases</b>			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
<b>Operating leases - lessee</b>			
Within one year		1 597 504	2 471 300
Within two to five years		6 636 020	3 462 986
<b>Total</b>		<b>8 233 524</b>	<b>5 934 286</b>

**Operating leases – as lessor**

**36 RETIREMENT BENEFIT INFORMATION**

**36.1 Defined benefit plan (Post employment medical care benefits)**

The municipality is currently on a defined benefit plan.

Certain employees of the municipality belong to the post employment medical aid benefit. The most recent actuarial valuation was done in August 2013 for balances as at 30th June

Carrying amount at the beginning of the period	5 040 000	6 112 000
Contribution to provision	-831 000	-1 072 000
Carrying amount at the end of the period	<b>4 209 000</b>	<b>5 040 000</b>

These contributions have been expensed.

Interest cost	399 000	525 000
Benefits paid	-254 848	-297 000
Actuarial (Gain)/Loss	-975 152	-1 300 000
Movements experience	-975 152	-1 440 000
Inflation(Profit)/Loss		201 000
Data Errors		-32 000
Miscellaneous		-29 000
	<b>-831 000</b>	<b>-1 072 000</b>

**Interest cost**

Interest cost arises from the discounting of future expected subsidies. The interest cost should be accounted for in the financial statements

**Actuarial Gain/ Loss**

Actuarial gain/loss is made up of movement experience, inflation loss, data errors and miscellaneous. The actuarial gain/loss is recognised in the statement of financial performance.

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>37 CONTINGENT LIABILITY</b>			
<b>37.1</b> Claim for damages		20 875 687	18 353 107
<p>The Municipality is being sued by a service providers due to damages arising from payments alleged to be outstanding Council is contesting the claim based on legal advice. Most court date has not yet been set. Should Council be unsuccessful in defending the claims, there is a possibility that the claim will be settled.</p>			
<b>37.2</b> Guarantee held by Eskom with regard to electricity accounts		294 600	294 600

**38 RELATED PARTIES**

Remuneration for members of key management  
Post employment benefit plan for employees of municipality and/or other related parties  
Compensation to councillors

**39 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant, and equipment
- Recoverable amounts of property, plant and equipment
- Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)
- Present value of defined benefit obligation
- Fair value of plan assets
- Provision for doubtful debts
- Impairment of assets
- Provision for long-term service award
- Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

- Impairment of assets
- Provisions

**40 RISK MANAGEMENT**

**40.1 Maximum credit risk exposure**

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

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.



**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2013**

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	Note	2013 R	2012 R
<b>40.2 Liquidity risk</b>			
<p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared.</p> <p>The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.</p>			
<b>40.3 Interest rate risk</b>			
<p>As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.</p> <p><i>OR</i></p> <p>The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.</p>			
<p>At year end, financial instruments exposed to interest rate risk were as follows:</p> <ul style="list-style-type: none"> <li>- Call deposits</li> <li>- Notice deposits</li> <li>- Long term annuity</li> <li>- Development Bank of South Africa loan</li> <li>- ABSA overdraft</li> </ul>			

**40.4 Other price risk**

Examples include changes in commodity prices

**41 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix E and Annexure B

The budget is approved on an accrual basis using a classification based on the nature of expenses. The approved budget covers the period from 01 July 2012 to 30 June 2013. The budget and accounting basis are the same.

Explanation for material variances between budget and actual.

Explanation of reasons for changes between the approved and final budget.

A reconciliation between the actual amounts on a comparable basis in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the year ended 30 June 2013 is presented as additional

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2013

	Note	2013 R	2012 R
<b>43 IMPAIRMENT LOSS / (REVERSAL OF IMPAIRMENT LOSS)</b>			
Property, plant and equipment		-	-
During the year an impairment test, was performed on all categories of Property, Plant and Equipment. The method which was used to determine the recoverable amount was the higher of fair value less costs and value in use. The impairment existed in the category of roads infrastructure		14 938 090	-
<b>Total Impairment loss / (Reversal of Impairment Loss)</b>		<b>14 938 090</b>	-

**Fair value less damages and value in use**

Because the unbundling of the infrastructure assets was done recently, the value in use and the fair value was deemed to be the same, other than the fact that it can differ if the infrastructure has significant damages. As such the recoverable amount being the greater of fair value less cost and value in use, differed with each with the costs of damages of the said infrastructure.

The engineer estimated the costs of damages of each class of infrastructure assets based on quoted prices available in the market to restore the infrastructure and the professional knowledge based on the industry norms

**44 REASSESSMENT LOSS**

GRAP 17 Paragraph 61 state that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

**Reassessment**

Machinery and equipment / Office Equipment	1 415 264	-
Furniture & Fittings	3 715 029	-
Motor vehicles	159 000	-
Computer equipment	737 866	-
Buildings	1 649 714	-
	<b>7 676 873</b>	-

**Capricorn 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
<b>EXTERNAL LOANS</b>							
LONG-TERM LOANS							
Stock Loan @ x% 2							
Stock Loan @ x% 3							
Stock Loan @ x% 4							
Stock Loan @ x% 5							
Stock Loan @ x% 6							
Stock Loan @ x% 7							
Stock Loan @ x% 8							
<b>Total long-term loans</b>							
<b>ANNUITY LOAN</b>							
Sanlam @ x%							
<b>GOVERNMENT LOANS</b>							
- Other @ x%							
<b>Total Government Loans</b>							
<b>TOTAL EXTERNAL LOANS</b>							

**Capricorn District Municipality**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2013

	Cost / Revaluation				Accumulated Depreciation and Impairments				Carrying value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	
Executive & Council				-				-	-
Finance & Admin	123 476 447	6 539 503	(477 013)	129 538 937	(34 682 216)	(8 937 777)	92 232	(43 525 207)	86 013 730
Planning & Development				-				-	-
Health				-				-	-
Community & Social Services	11 861 500			11 861 500				-	11 861 500
Public Safety				-				-	-
Sport & Recreation				-				-	-
Environmental Protection	6 263 938	488 217	-	6 752 155	(1 479 142)	(990 333)	-	(2 469 475)	4 282 680
Waste Management	24 674 582	-	-	24 674 582	(4 525 720)	(1 485 907)	-	(6 011 627)	18 662 955
Road Transport	278 435 336	-	-	278 435 336	(72 716 835)	(7 940 062)	-	(80 656 897)	197 778 439
Water	1 153 395 945	45 010 164	(1 151 358)	1 197 254 750	(277 861 757)	(50 970 892)	361 114	(328 471 535)	868 783 214
Electricity	1 491 695	-	-	1 491 695	(204 363)	(204 363)	-	(408 727)	1 082 968
Other	164 168 430	199 464 583	-	363 633 013	-	-	-	-	363 633 013
<b>Total</b>	<b>1 763 767 873</b>	<b>251 502 466</b>	<b>(1 628 371)</b>	<b>2 013 641 968</b>	<b>(391 470 033)</b>	<b>(70 529 334)</b>	<b>453 345</b>	<b>(461 543 468)</b>	<b>1 552 098 500</b>

**Capricorn District Municipality**  
**APPENDIX D**  
**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
	33 113 225	(33 113 225)	Executive & Council		56 245 559	(56 245 559)
592 592 842	168 127 558	424 465 284	Finance & Admin	751 923 559	94 559 217	657 364 342
	12 257 414	(12 257 414)	Planning & Development		9 418 901	(9 418 901)
	5 619 852	(5 619 852)	Health		7 694 340	(7 694 340)
	3 937 527	(3 937 527)	Community & Social Services		3 174 121	(3 174 121)
	26 913 187	(26 913 187)	Public Safety		34 216 975	(34 216 975)
	1 478 456	(1 478 456)	Sport & Recreation		333 398	(333 398)
	3 550 137	(3 550 137)	Environmental Protection		1 069 054	(1 069 054)
		-	Waste Management		800 000	(800 000)
	19 473 572	(19 473 572)	Road Transport		22 272 940	(22 272 940)
	173 923 196	(173 923 196)	Water		276 620 517	(276 620 517)
	12 424 324	(12 424 324)	Electricity		12 329 893	(12 329 893)
			Other			
<b>592 592 842</b>	<b>460 818 449</b>	<b>131 774 393</b>		<b>751 923 559</b>	<b>518 734 914</b>	<b>233 188 645</b>
			Less: Inter-Department Charges			
<b>592 592 842</b>	<b>460 818 449</b>	<b>131 774 393</b>	<b>Total</b>	<b>751 923 559</b>	<b>518 734 914</b>	<b>233 188 645</b>

**Capricorn District Municipality**

**APPENDIX E**

**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**

as at 30 June 2013

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By- law)	Final Budget	Actual Income	Unauthoris ed Expenditur e	Variance
	1	2	3	4	5	6	7
	R	R	R	R	R	R	R
<b>Financial Performance</b>							
Property Rates							
Service Charges	39 445 600	-		39 445 600	29 333 307		10 112 293
Investment Revenue	5 158 000	-		5 158 000	17 954 137		-12 796 137
Transfers Recognised - Operational	389 213 284	-135 665 969		253 547 315	418 680 072		-165 132 757
Other Own Revenue	22 263 216	17 851 952		40 115 168	29 035 011		11 080 157
	456 080 100	-117 814 017	-	338 266 083	495 002 527	0	-156 736 444
<b>Contributions)</b>							
Employee Costs	184 821 161	2 918 966		187 740 127	176 960 751		10 779 376
Remuneration Of Councillors	10 088 827	-		10 088 827	9 094 273		994 554
Debt Impairment	31 556 480	-		31 556 480			31 556 480
Depreciation & Asset Impairment	94 524 891	935 000		95 459 891	71 472 408		23 987 483
Finance Charges	300 000	-		300 000	213 451		86 549
Materials & Bulk Purchases	83 956 000	-		83 956 000	44 310 716		39 645 284
Transfers & Grants	1 800 000	-		1 800 000	800 000		1 000 000
Other Expenditures	143 557 632	17 034 638		160 592 270	232 317 073		-71 724 803
<b>Total Expenditure</b>	550 604 991	20 888 604	-	571 493 595	535 168 673	0	36 324 922
<b>Surplus/(Deficit)</b>	-94 524 891	-138 702 621	-	-233 227 512	-40 166 146	0	-193 061 366
Transfers Recognised - Capital	276 463 716	126 630 173		403 093 889	251 477 413		151 616 476
Contributed Assets							
<b>Contributions</b>	181 938 825	-12 072 448	-	169 866 377	211 311 267	0	-41 444 890
Share Of Surplus/(Deficit) Of Associate							
<b>Surplus/(Deficit For The Year)</b>	181 938 825	-12 072 448	-	169 866 377	211 311 267	0	-41 444 890

<b>Capital Expenditure &amp; Funds Sources</b>							
<b>Capital Expenditure</b>	276 463 716	127 862 806		404 326 522	251 477 413		152 849 109
Transfers Recognised - Capital	276 463 716	127 862 806		404 326 522	251 477 413		152 849 109
Public Contributions & Donations							
Borrowing							
Internally Generated Funds							
<b>Total Sources Of Capital Funds</b>	276 463 716	127 862 806	-	404 326 522	502 954 826	0	305 698 218
<b>Cash flows</b>							
Net Cash From (Used) Operating	261 680 680	-9 621 156		252 059 524	241 444 712		10 614 812
Net Cash From (Used) Investing	-276 463 716	-134 860 970		-411 324 686	-251 477 413		-159 847 273
Net Cash From (Used) Financing	-	-		-	-2 496 460		2 496 460
<b>Cash/Cash Equivalents At The Year End</b>	-14 783 036	-144 482 125	-	-159 265 161	-12 529 161	0	-146 736 001

**RECONCILIATION IN THE NOTES TO THE  
FINANCIAL STATEMENTS**

<b>Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance</b>	
Net Surplus/Deficit Per The Statement Of Financial Performance	211 311 266.87
Adjusted For:	
Fair Value Adjustments	
Impairments Recognised/Reversed	
Surplus/Deficit On The Sale Of Assets	
Increases/Decreases In Provisions	
<i>List other relevant adjustments here</i>	
<b>Net Surplus/Deficit Per Approved Budget</b>	



Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
8	9
R	R
74%	74%
348%	348%
165%	108%
72%	130%
660%	660%
94%	96%
90%	90%
0%	0%
75%	76%
71%	71%
53%	53%
44%	44%
145%	162%
572%	592%
88%	69%
62%	91%
150%	160%
150%	160%

62%	91%
62%	91%
124%	182%
96%	92%
61%	91%
0%	0%
157%	183%

