



# **INDAKA MUNICIPALITY**

## **ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30 JUNE 2014**

# Annual Financial Statements

for

## INDAKA LOCAL MUNICIPALITY

for the year ended 30 June: **2014**

Province: 

KwaZulu Natal
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AFS rounding: 

R (i.e. only cents)
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**INDAKA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

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**INDAKA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014  
Approval of Annual Financial Statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 63 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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



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K S Khumalo  
Municipal Manager

DATE 29 August 2014

**INDAKA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**General information**

**Members of the Council**

Cllr. Mchunu NB	<b>Mayor</b>
Cllr. Mabele PBM	<b>Speaker</b>
Cllr. Njapha TB	<b>Deputy Mayor</b>
Cllr. Nzuza PM	Member of the Executive Committee
Cllr. Ngubane M	Member of the Executive Committee
Cllr. Mabele ZV	Member
Cllr. Twaia JS	Member
Cllr. Ndlovu SV	Member Terminated 30 April 2014
Cllr. Mbatha ME	Member
Cllr. Mbele NG	Member
Cllr. Majola BC	Member
Cllr. Kheswa MA	Member
Cllr. Madondo M	Member
Cllr. Banda SM	Member
Cllr. Shezi TBM	Member
Cllr. Zikalala NL	Member
Cllr. Mvelase SN	Member
Cllr. Madonsela HL	Member
Cllr. Zikalala SJ	Member
Cllr N P Phakathi	Member Passed Away 18 April 2014
Cllr S Simelane	Member Replaced N P Phakathi 23 June 2014

**INDAKA LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

**General information (continued)**

**Registered Office:** INDAKA LOCAL MUNICIPALITY

**Physical address:**

2748"F" Section Ekuvukeni  
Wasbank  
2920

**Postal address:**

Private Bag X70113  
Wasbank  
2920

**Telephone number:**

034 261 1000

**Fax number:**

034 261 2035

**E-mail address:**

[sinatrak@indaka.gov.za](mailto:sinatrak@indaka.gov.za)

**INDAKA MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>88,810,248</b>	<b>75,010,710</b>
Property, plant and equipment	10	88,421,284	74,723,732
Investment properties	11	254,334	277,259
Intangible assets	12	134,630	9,719
Heritage assets	13	-	-
<b>Current assets</b>		<b>106,002,208</b>	<b>67,774,978</b>
Inventory	15	69,206	175,193
Receivables from exchange transactions	16	106,917	193,084
Receivables from non-exchange transactions	17	795,250	1,220,739
Value added taxation receivable	9	1,857,149	3,477,782
Call investment deposits	18	42,348,128	42,014,440
Bank balances and cash	19	60,825,558	20,693,740
<b>Total Assets</b>		<b>194,812,457</b>	<b>142,785,688</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>		<b>4,907,451</b>	<b>4,361,944</b>
Long-term liabilities	2	3,488,900	3,666,253
Non-current provisions	3	748,551	-
Long service awards and retirement gifts	4.2	670,000	602,000
Non-current lease Liability	29	-	93,691
<b>Current liabilities</b>		<b>18,912,376</b>	<b>20,705,347</b>
Deposits	5	5,945	5,610
Trade and other payables	7	17,518,059	9,672,830
Current portion of Provisions	6	183,432	818,551
Current portion of long-term liabilities	2	177,482	168,936
Current portion of lease liability	29	93,691	195,289
Unspent conditional grants and receipts	8	933,766	9,844,130
<b>Total liabilities</b>		<b>23,819,827</b>	<b>25,067,291</b>
<b>Total Assets and Liabilities</b>		<b>170,992,630</b>	<b>117,718,397</b>
<b>NET ASSETS</b>			
Housing operating account	1	653,525	617,990
Accumulated surplus		170,339,105	117,100,407
<b>Total Net Assets</b>		<b>170,992,630</b>	<b>117,718,397</b>

**INDAKA LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>Revenue</b>			
<b>Revenue from non-exchange transactions.</b>			
Property rates	20	2,189,186	1,635,181
Public donations- Property, plant and equipment.			40,352
Government grants and subsidies	22	89,837,260	83,043,822
<b>Revenue from exchange transactions.</b>			
Service charges	21	221,852	138,147
Rental of facilities and equipment	30	102,952	76,993
Interest earned - external investments	31	3,876,256	1,790,234
Other income	32	113,366	94,963
<b>Total revenue</b>		<b>96,340,872</b>	<b>86,819,690</b>
<b>Expenses</b>			
Employee related costs	23	9,256,777	9,100,720
Remuneration of councillors	24	5,125,489	4,780,264
Depreciation	33	9,805,786	6,084,325
Amortisation	33	-	7,363
Repairs and maintenance		888,779	385,920
Finance costs	25	213,962	254,925
Contracted services	26	5,049,968	4,613,508
Grant Expenditure	27	3,293,898	2,520,813
Retirement and long services benefits.	4	265,410	101,000
Adjustment to bad debt provision	16	619,003	589,672
Adjustment to non-current provisions	3	232,443	498,551
Loss on disposal of assets		28,769	79,303
General expenses	28	8,321,888	7,338,073
<b>Total expenditure</b>		<b>43,102,173</b>	<b>36,354,437</b>
<b>Surplus / (deficit) for the year.</b>		<b>53,238,699</b>	<b>50,465,253</b>



**INDAKA LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2014

	Note	Housing Operating Account R	Accumulated Surplus/(Deficit) R	Total: Net Assets R
<b>2011</b>				
<b>Restated surplus at 1 July 2011</b>				
Surplus at 30 June 2011- Previously reported			(3,503,467)	
General Expenditure			(120,187)	(120,187)
Repairs & Maintenance			(908,057)	(908,057)
Depreciation			(93,104)	(93,104)
Finance Costs			(345,011)	(345,011)
Interest Earned			(507,651)	(507,651)
Employee Related Costs.			(63,109)	(63,109)
Income			(14,963)	(14,963)
Repayment Grants			16,072	16,072
Fixed Assets			(2,685,282)	(2,685,282)
Trade and Other Payables from Exchange Transactions			841,706	841,706
Changes in Leased Liabilities			596,626	596,626
			(220,508)	(220,508)
<b>Balance at 30 June 2011</b>		-	<b>29,634,960</b>	<b>29,634,960</b>
<b>2012</b>				
Net Surplus for the year			40,797,005	40,797,005
Transfer to Housing Operating Account	1	653,472		653,472
Transfer to/(from) Appropriations for 2011/2012			253,545	253,545
<b>Balance at 30 June 2012</b>		<b>653,472</b>	<b>70,685,510</b>	<b>71,338,982</b>
<b>Restated surplus at 1 July 2012</b>				
Surplus at 30 June 2012- Previously reported			36,170,589	
General Expenditure	37.1.4		40,797,005	40,797,005
Remuneration of Councillors	37.1.3		(1,243,198)	(1,243,198)
Contracted Services	37.1.5		(3,302)	(3,302)
Employee Related Costs.	37.1.2		(32,480)	(32,480)
Income-Rental of Facilities	37.1.1		(76,240)	(76,240)
Fixed Assets	37.2.1		(6,000)	(6,000)
Provision Long Service	37.2.3		(2,764,196)	(2,764,196)
Change of Accounting Policy	36		(501,000)	(501,000)
			(446,990)	(446,990)
<b>Restated Balance at 30 June 2012</b>		<b>653,472</b>	<b>65,612,105</b>	<b>66,265,577</b>
Net Surplus for the year			50,514,589	50,514,589
Transfer to Housing Operating Account	1	(35,482)		(35,482)
Transfer to/(from) Appropriations for 2012/2013	37.2.2		(38,072)	(38,072)
<b>Balance at 30 June 2013</b>		<b>617,990</b>	<b>116,088,620</b>	<b>116,706,612</b>
<b>Restated surplus at 1 July 2013</b>				
Prior period income and expenditure errors	37.1			-
Heritage asset not classified correctly			(49,335)	(49,335)
Vacant land previously not recognised.			(676,880)	(676,880)
			1,738,000	1,738,000
<b>Restated Balance at 30 June 2013</b>		<b>617,990</b>	<b>117,100,406</b>	<b>117,718,397</b>
Net Surplus for the year			53,238,699	53,238,699
Transfer to Housing Operating Account	1	35,534		35,534
Vacant land previously not recognised.				-
Transfer to/(from) Appropriations for 2013/2014				-
<b>Balance at 30 June 2014</b>		<b>653,525</b>	<b>170,339,105</b>	<b>170,992,630</b>

**INDAKA LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
as at 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Cash receipts from rate payers and Government		80,926,896	85,696,183
Other receipts		4,759,646	
Cash paid to suppliers and employees			
Employee costs	23 & 24	-14,382,266	-29,511,659
Suppliers		-10,531,975	
<b>Cash generated from operations</b>		<b>60,772,300</b>	<b>56,184,524</b>
Interest Received	31	3,876,256	1,790,234
Interest Paid.	25	-213,962	-254,925
<b>Net cash flows from operating activities</b>		<b>64,434,592</b>	<b>57,719,833</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	10&11	-23,634,093	-22,821,567
Proceeds on disposal of property, plant & equipment		28,769	261,399
Proceeds from sale of investments			
Purchase of foreign currency securities			
<b>Net cash flows from investing activities</b>		<b>-23,605,324</b>	<b>-22,560,168</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Decrease in long term liability	2	-168,808	-160,796
Repayment of finance lease liability	29	-195,289	-275,055
Long term liability - Retirement benefit	4	0	101,000
Increase in consumer deposits.	5	335	
<b>Net cash flows from financing activities</b>		<b>-363,762</b>	<b>-334,851</b>
		<b>40,465,506</b>	<b>34,824,814</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>40,465,506</b>	<b>34,824,815</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>62,708,180</b>	<b>27,883,365</b>
<b>Net cash and cash equivalents at end of period</b>	19	<b>103,173,686</b>	<b>62,708,180</b>

**INDAKA LOCAL MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS**  
for the year ended 30 June 2014

2013/14								
Description	Original Budget (000)	Budget Adjustments (000)	Final Budget (000)	Actual Outcome (000)	Variance (1) between Original and Final Budget (000)	Note on variances (1)	Variance (2) between Final Budget and Actual Outcome (000)	Note on variances (2)
<b>Financial Performance</b>								
Property rates	2,029,208	2,233,603	2,233,603	2,189,186	204,395	Due to corrections to consumer accounts	44,417	Due to corrections to consumer accounts
Services charges - Refuse	188,644	220,000	220,000	221,852	31,356	Due to corrections to consumer accounts	-1,852	N/A
Rental of Facilities and Equipment	75,766	78,398	78,398	102,952	2,632	Due to new rental agreements	-24,554	Due to new rental agreements
Interest Earned-External Investment	1,000,000	2,850,000	2,850,000	3,876,256	1,850,000	Due to under expenditure on grants	-1,026,256	Due to under expenditure on grants
Transfers recognised - operational	67,380,000	67,241,000	67,241,000	66,851,057	-139,000	Due to under expenditure on grants	389,943	Due to under expenditure on grants
Other own revenue	68,693	75,000	75,000	113,366	6,508	Due to more tender documents has been sold	-36,366	Due to more tender documents has been sold
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>70,742,311</b>	<b>72,699,001</b>	<b>72,699,001</b>	<b>79,354,669</b>	<b>1,955,691</b>		<b>-556,687</b>	
Employee Related Costs	12,268,079	11,965,652	11,965,652	9,256,777	-302,427	Due to vacant positions on new organogram	2,708,875	Due to vacant positions on new organogram
Remuneration of Councilors	5,384,635	5,414,941	5,414,941	5,125,488	30,306	Due to vacant positions	269,452	Due to vacant positions
Dept impairment	1,200,000	700,000	700,000	619,003	-500,000	Over budgeted	80,997	Over budgeted
Depreciation and asset impairment	7,290,000	8,690,000	8,690,000	9,805,786	1,400,000	Due to work in progress brought into use	-1,115,786	Due to work in progress brought into use
Finance charges	275,000	195,000	195,000	213,962	-80,000	Recalculations	-15,962	Recalculations
Contracted Services	4,535,000	4,285,000	4,285,000	5,049,968	-290,000	Recalculations	-764,968	Due to new contracts
Transfers and Grants	1,000,000	800,000	800,000	569,541	-200,000	Recalculations	240,459	Recalculations
Other Expenditure	26,190,517	23,018,180	23,018,180	12,442,877	-3,172,337	Recalculations	10,575,303	Budget controls
Loss on Disposal of PPE	0	0	0	28,769	0		-25,769	Assets return to Prov Library Services
<b>Total Expenditure</b>	<b>58,143,231</b>	<b>55,083,773</b>	<b>55,086,773</b>	<b>43,102,173</b>	<b>-3,074,458</b>		<b>11,966,600</b>	
<b>Surplus</b>	<b>12,599,079</b>	<b>17,629,228</b>	<b>17,629,228</b>	<b>30,252,496</b>	<b>5,030,449</b>		<b>-12,623,267</b>	
Transfers recognised - capital	38,846,701	34,484,395	34,484,395	22,986,204	-4,362,306	Due to amendments during adjustments budget process	11,499,131	Due to under expenditure on capital.
Contributions recognised - capital and contributed assets					0			
<b>Surplus after capital transfers &amp; contributions</b>	<b>51,445,790</b>	<b>52,115,623</b>	<b>52,113,623</b>	<b>53,238,699</b>	<b>667,843</b>		<b>-1,125,076</b>	
<b>Capital Expenditure &amp; Funds raised</b>								
Capital Expenditure								
Transfers recognised - capital	38,846,701	34,484,395	34,484,395	20,444,596	-4,362,306	Due to amendments during adjustments budget process	14,039,789	Due to under expenditure on capital.
Public Contributions and Donations				-34,587	0	Assets return to Prov Library Services	34,587	Assets return to Prov Library Services
Assets previously not recognised, Internally generated funds	12,589,326	17,590,131	17,590,131	3,169,996	5,000,805	Due to amendments during adjustments budget process	14,400,635	Services Due to under expenditure on capital.
<b>Total Sources of capital funds</b>	<b>51,436,027</b>	<b>52,074,526</b>	<b>52,074,526</b>	<b>23,599,505</b>	<b>638,499</b>		<b>28,475,021</b>	
<b>Net Surplus/deficit</b>	<b>9,753</b>	<b>39,097</b>	<b>39,097</b>	<b>29,639,194</b>	<b>29,344</b>			
<b>Cash Flows</b>								
Net cash from (used) operating	48,089,000	37,190,000	37,190,000	64,434,592	-10,879,000		-27,244,592	
Net cash from (used) investing	-47,569,000	-33,693,000	-33,693,000	-23,605,324	13,878,000		-10,085,676	
Net cash from (used) financing		841,000	841,000	-363,762	841,000		1,204,762	
<b>Cash/cash equivalents at the year end</b>	<b>500,000</b>	<b>4,340,000</b>	<b>4,340,000</b>	<b>40,465,506</b>	<b>3,840,000</b>		<b>-36,125,506</b>	

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention.

The Annual Financial Statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) as prescribed by the Minister of Finance in terms of Government Gazette number 31021, Notice Number 516, dated 9 May 2008 and also in terms of the standards and principles contained in Directives 3 and 5 issued by the Accounting Standards Board ("ASB") in March 2009 and May 2010, respectively, as amended.

**1.1 Changes in accounting policy and comparability**

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2013 and 30 June 2014 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only if the change:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

**1.2 Critical judgments, estimations and assumptions**

The following are the critical judgments, apart from those involving estimations, that the 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 Annual Financial Statements:

**1.2.1 Revenue Recognition**

Accounting Policy 9.2 on *Revenue from Exchange Transactions* and Accounting Policy 9.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: *Revenue from Exchange Transactions* and GRAP 23: *Revenue from Non-exchange Transactions*. In particular when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.2.2 Financial assets and liabilities**

The classification of financial assets and liabilities into categories is based on judgement by management.

**1.2.3 Impairment of Financial Assets**

Accounting Policy 6 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: *Financial Instruments*. The management of the municipality is satisfied that the impairment of financial assets recorded during the year, is appropriate.

**1.2.4 Useful lives of Property, Plant and Equipment ("PPE")**

As described in Accounting Policies 3.3 and 4, the municipality depreciates/amortises its property, plant and equipment, and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

**1.2.5 Impairment: Write down of PPE and Inventories**

Significant estimates and judgments are made relating to PPE impairment tests and write down of inventories to net realisable values where necessary.

**1.2.6 Defined Benefit Plan Liabilities**

As described in Accounting Policy 12.4.2, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25 *Employee Benefits*. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Note 4 to the Annual Financial Statements.

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**1.3 Presentation currency**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

**1.4 Going concern assumption**

The Annual Financial Statements have been prepared on a going concern basis.

**1.5 Offsetting**

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

**1.6 New standards and interpretations**

**1.6.1 Standards and interpretations effective and adopted in the current year**

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

**GRAP 25: Employee Benefits**

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard of GRAP requires a municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when a municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The Standard of GRAP states the recognition, measurement and disclosure requirements of:

- short-term employee benefits;
- all short-term employee benefits;
- short-term compensated absences;
- bonus, incentive and performance related payments;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

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

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

The municipality expects to adopt the standard for the first time in the 2014 financial statements.

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

**GRAP 31: Intangible Assets**

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

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

The municipality has early adopted the standard for the first time in the 2012 financial statements.

There is no impact of the standard on adoption.

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**1.6.2 Standards and interpretations issued, but not yet effective**

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

**GRAP 105: Transfers of Functions Between Entities Under Common Control**

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

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

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

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

**GRAP 106: Transfers of Functions Between Entities not Under Common Control**

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

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition-date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No effective date has yet been determined by the Minister of Finance.

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

The impact of this amendment is currently being assessed.

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**GRAP 107: Mergers**

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

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

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

The impact of this standard is currently being assessed.

**GRAP 20: Related Party Disclosures**

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

This Standard of GRAP requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the municipality in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard of GRAP also applies to individual financial statements.

This Standard of GRAP requires that only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another municipality, entity or person are disclosed.

The Standard of GRAP sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

No effective date has yet been determined by the Minister of Finance.

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

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

**For the year under review, Council has applied IPSAS 20.IGRAP 16: Intangible Assets - Website Costs**

The Interpretation deals with the treatment of a municipality's own website. The guidance on website costs was previously included in the Standard of GRAP on Intangible Assets.

It concludes that a municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement, a municipality can satisfy the requirements in paragraph .54 in the Standard of GRAP on Intangible Assets, which in particular requires a municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If a municipality is not able to demonstrate how a website developed solely or primarily for providing information about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this Interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

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

The municipality expects to adopt the interpretation for the first time in the 2014 financial statements.

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

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**Improvements to Standards of GRAP**

The following Standards of GRAP have been amended as part of the ASB's Improvements Project for 2011:

- GRAP 1;
- GRAP 3;
- GRAP 7;
- GRAP 9;
- GRAP 12;
- GRAP 13;
- GRAP 16; and
- GRAP 17.

The changes made will have no significant impact, except for the following:

A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a Standard of GRAP would otherwise require or permit to be measured at fair value are no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

A requirement to include transaction costs on initial recognition of an investment in an associate under the equity method, has been included in the Standard of GRAP Investments in Associates.

Changes were made to the Standard of GRAP on Investment Property (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment property has been clarified.

Changes were made to the Standard of GRAP on Property, Plant and Equipment (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle, has been clarified.

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

The municipality expects to adopt the amendment for the first time in the 2014 financial statements.

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

**1.6.3 Standards and interpretations not yet effective or relevant**

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2013 or later periods but are not relevant to its operations:

**GRAP 18: Segment Reporting**

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

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

No effective date has not yet been determined by the Minister of Finance.

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

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

**GRAP 32: Service Concession Arrangement: Grantor**

No effective date has not yet been determined by the Minister of Finance.

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

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

**GRAP 108: Statutory Receivables.**

No effective date has not yet been determined by the Minister of Finance.

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

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



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**2 HOUSING OPERATING ACCOUNT**

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

**3 PROPERTY, PLANT AND EQUIPMENT**

**3.1 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 services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

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

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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, where applicable, also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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

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.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset 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.

**3.2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the municipality and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

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**3.3 Depreciation**

Land is not depreciated as it is regarded as having an indefinite life. Depreciation of assets other than land is calculated, using the straight line method, to depreciate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

**Details**

***Infrastructure***

Roads gravel 3 - 7 years

Roads premix 10 - 15 years

Storm Water 20 - 30 years

***Community***

Community and Recreation Facilities 30 years

Office buildings 15-30 years

Vehicles 5 - 7 years

Office equipment 3 - 7 years

Computer equipment 3 - 5 years

Furniture and Fittings 5 - 7 years

Plant & equipment 10 - 15 years

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

**3.4 Incomplete Construction Work**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**3.5 Finance Leases**

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

**3.6 Heritage Assets**

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

The municipality utilized the transitional provisions under Directive 4, which allows 3 years for the measurements of Heritage Assets.

**3.7 Derecognition of Property, Plant and Equipment**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an item of property, plant and equipment is included in surplus or deficit for the year when the item is derecognised.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation and accumulated impairment losses) and the sales proceeds.

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**4 INTANGIBLE ASSETS**

**4.1 Initial Recognition**

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. The municipality recognises an intangible asset 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 recognised as an expense when incurred.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually.

Intangible assets are initially recognised at cost. Where an intangible asset is acquired at no cost or for a nominal consideration, its cost is its fair value as at the date it is 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, its deemed cost is the carrying amount of the asset(s) given up.

The municipality does not recognise electricity servitudes arising from a legal right as intangible assets.

**4.2 Subsequent Measurement, Amortisation and Impairment**

Subsequently all intangible assets are measured at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over the intangible assets' useful lives, which are estimated to be between 3 to 5 years. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, for example servitudes (excluding electricity servitudes) obtained by the municipality give the municipality access to land for specific purposes for an unlimited period - however, such intangible assets are subject to an annual impairment test.

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life and amortisation method are reviewed annually. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in surplus or deficit for the year.

**4.3 Derecognition of Intangible Assets**

The carrying amount of an intangible asset is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an intangible asset is included in surplus or deficit when the asset is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated amortisation and accumulated impairment losses) and the sales proceeds. This is included in surplus or deficit for the year as a gain or loss on disposal of intangible assets.

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**5 INVESTMENT PROPERTY**

**5.1 Initial Recognition**

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction or at a nominal value its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- Property that is being constructed or developed for future use as investment property;
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

The carrying amount of an investment property is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from derecognition of an investment property is included in surplus or deficit for the year when the asset is derecognised..

Gains or losses are calculated as the difference between the net book value of assets (fair value) and the sales proceeds.

Subsequent to initial measurement investment property is measured at cost.

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**6 Impairment of Assets**

**6.1 Cash - generating Assets**

**Identification:**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

**Value in use**

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

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

**Discount rate**

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

**Recognition and measurement**

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

**6.2 Impairment of Non-cash Generating Assets**

**Identification**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset no impairment recognised.

**Value in use**

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the following approach:

Depreciated replacement cost approach:

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

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

**Recognition and measurement**

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit for the year.

**7 FINANCIAL INSTRUMENTS**

The municipality has various types of financial instruments and these can be broadly categorised as either *Financial Assets* or *Financial Liabilities*.

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**7.1 Financial Assets - Classification**

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with GRAP 104, the Financial Assets of the municipality are classified as follows into the three categories allowed by this standard:

**Type of Financial Asset Classification in terms of GRAP 104**

Short-term Investment Deposits – Call (Financial assets at amortised cost)

Bank Balances and Cash (Financial assets at amortised cost)

Long-term Receivables (Financial assets at amortised cost)

Consumer Debtors (Financial assets at amortised cost)

Other Debtors (Financial assets at amortised cost)

Investments in Fixed Deposits (Financial assets at amortised cost)

*Financial assets at amortised cost* are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Cash and cash equivalents include 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.

**7.2 Financial Liabilities - Classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Long-term Liabilities
- Certain Other Creditors
- Bank Overdraft
- Short-term Loans
- Current Portion of Long-term Liabilities
- Consumer Deposits

In accordance with IAS 39.09, the *Financial Liabilities* of the municipality are classified into the following category as allowed by this standard

- Financial liabilities at amortised cost.

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the Effective interest method, with interest expense recognised on an effective yield basis.

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**7.3 Initial and Subsequent Measurement**

**7.3.1 Financial Assets:**

*Financial assets at amortised cost* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial assets are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

**7.3.2 Financial Liabilities:**

*Financial Liabilities at amortised cost* are initially measured at fair value net of transaction costs. Subsequently, these liabilities are measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Financial liabilities are recognised on the trade date at which the municipality becomes a party to the contractual provisions of the instrument.

**7.4 Impairment of Financial Assets**

Financial assets are assessed for indicators of impairment at reporting date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with GRAP 104.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The provision is made whereby the recoverability of Consumer Debtors is assessed individually or collectively after grouping the assets in financial assets with similar credit risk characteristics if individual assessment was not possible.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets and recognised in surplus or deficit for the year with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through surplus or deficit for the year to the extent that the carrying amount of the instruments at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**7.5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**7.6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.



**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**8 INVENTORIES**

Inventories comprising consumable stores, raw materials and finishing goods are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value, determined on the weighted average cost.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge

Unsold properties represent unsold units in economic selling schemes where the net realisable value of each unit is either nil or a nominal amount. As a consequence of the passage of time the municipality is not in a position to determine the cost of such inventory. Furthermore, the use of current replacement cost would not only distort the statement of financial position by inflating the value of inventories but would also result in a credit to the housing operating account contrary to section 14 of the Housing Act, 1998. Accordingly unsold properties are stated in the annual financial statements at net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

**9 REVENUE RECOGNITION**

**9.1 General**

*Revenue from exchange transactions*

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

Revenue comprises the fair value of the consideration received or receivable for the sale or rendering of services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits or service potential will flow to the municipality and when specific criteria have been met for each of the municipality's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

*Revenue from non-exchange transactions*

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

**9.2 Revenue from Exchange Transactions**

**9.2.1 Service Charges**

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

**9.2.2 Finance income**

Interest earned on investments is recognised in surplus or deficit for the year on the time proportionate basis that takes into account the effective yield on the investment.

**9.2.3 Tariff Charges**

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

**9.2.4 Rentals**

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**9.3 Revenue from Non-exchange Transactions**

**9.3.1 Rates and Taxes**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**9.3.2 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

**9.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

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. Such revenue is based on legislated procedures.

**10 GOVERNMENT GRANTS AND RECEIPTS**

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised as Accounts Receivable in the period in which they become receivable.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the liability and if it is the municipality's interest it is recognised as interest earned in surplus of deficit for the year.

**11 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.

**12 EMPLOYEE BENEFITS**

**12.1 Short-term Employee Benefits**

Remuneration to employees is recognised in surplus or deficit for the year as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

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

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**12.2 Past service costs**

Past service costs are recognised immediately in surplus or deficit, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are recognised in full.

**12.3 Defined Contribution Plans**

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

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in surplus or deficit for the year in which the service is rendered by the relevant employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. The municipality has no further payment obligations once the contributions have been paid.

**12.4 Defined Benefit Plans**

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

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

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

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged to surplus or deficit for the year in which they arise.

**12.4.1 Pension obligations**

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations.

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment thereof is made in the course of the municipality's normal budgeting processes."

**12.4.2 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for in surplus or deficit for the year.

Actuarial gains or losses are accounted for in full and are recognised in surplus or deficit for the year.

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

**13 LEASES**

**13.1 The 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.

**13.2 The Municipality as Lessor**

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

**14 BORROWING COSTS**

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset are recognised as an expense in surplus or deficit for the year.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

**15 VALUE ADDED TAX**

The Municipality accounts for Value Added Tax on the payments basis.

**16 CASH AND CASH EQUIVALENTS**

Cash includes cash-on-hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**17 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**INDAKA LOCAL MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2014

- 18 IRREGULAR EXPENDITURE**  
Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), and the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.
- 19 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.
- 20 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**  
Changes in accounting policies due to adoption of newly effective Standards of GRAP have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy or where allowed transitional provisions had been adopted. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.  
Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.  
Errors are corrected retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality would restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.
- 21 RELATED PARTIES**  
Individuals, including councillors, as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.  
Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.
- 22 COMMITMENTS.**  
Commitments are future expenses and liabilities to be incurred on contracts that have been entered into at the reporting date.  
The amount of capital commitments and other operating commitments contracted for at the reporting date, and which have not been recognised as liabilities are disclosed by way of note.
- 23 EVENTS AFTER THE REPORTING DATE**  
Events after the reporting date that have been classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.
- 24 COMPARATIVE INFORMATION**
- 24.1 Prior year comparatives**  
When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.
- 25 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**  
Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

**INDAKA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>1 HOUSING OPERATING ACCOUNT</b>			
Housing Operating Account 30 June 2013		617,990	653,472
Interest Received		35,534	34,699
Payment 2013/2014			(70,181)
Housing Operating Account 30 June 2014		<u>653,525</u>	<u>617,990</u>
The Housing Operating Account is represented by the following assets and liabilities:			
Cash and cash equivalents.( included in Investments. )		<u>653,525</u>	<u>617,990</u>
		<u>653,525</u>	<u>617,990</u>
<b>2 LONG-TERM LIABILITIES</b>			
Annuity Loans		3,666,382	3,835,189
<b>Sub-total</b>		<u>3,666,382</u>	<u>3,835,189</u>
<b>Less: Current portion transferred to current liabilities</b>		<u>177,482</u>	<u>168,936</u>
Annuity Loans		<u>177,482</u>	<u>168,936</u>
<b>Total External Loans</b>		<u>3,488,900</u>	<u>3,666,253</u>
Refer to Appendix A for more detail on long-term liabilities.			
<b>Annuity loans</b>			
Bear interest at rates between 5.0% per annum, are being redeemed in six monthly installments, including interest, in September and March until 2028.			
<b>3 NON-CURRENT PROVISIONS</b>			
Provision for rehabilitation of landfill site		861,983	748,551
<b>Sub Total</b>		<u>861,983</u>	<u>748,551</u>
<b>Less: Current portion transferred to current liabilities ( refer to Note 6 )</b>		<u>113,432</u>	<u>748,551</u>
Provision for rehabilitation of landfill site		<u>113,432</u>	<u>748,551</u>
<b>Total Non-Current Provisions</b>		<u>748,551</u>	<u>0</u>
The movement in non-current provisions are reconciled as follows:			
<u>Landfill site rehabilitation</u>			
Balance at beginning of year		748 551	250 000
Contributions to provision		113 432	498 551
Reduction due to remeasurement		-	-
Increase due to discounting		-	-
Expenditure incurred		-	-
Balance at end of year		<u>861 983</u>	<u>748 551</u>
The provision created for the rehabilitation of the landfill site is based on a report conducted by AB Projects for the rehabilitation costs of the dumpsite.the report indicates a remaining live span of five years.			

**INDAKA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>4 RETIREMENT BENEFIT INFORMATION</b>			
<b>4.1 Defined contribution plan</b>			
Indaka Municipality has been contributing to three (3) different funding schemes in respect of retirement benefit. These contributions have been expensed.			
<i>These valuations indicate that the plan is in a sound financial position Actuarial valuation must be conducted at least every 3 years.</i>			
		<b>Assets</b>	<b>Liabilities</b>
KZN/Natal Joint Pension Fund @ 31 March 2012		6,538,900	6,270,000
Government Employees Pensions Fund @ 31 March 2010		708,137,500	18,003,753
Municipal Council Provident Fund @ 30 June 2009		1,136,372,026	178,180,678
<i>Amount below was contributed by Council in respect of Councillors and employees retirement funding. These contributions have been expensed and are included in employee related costs for the year.</i>			
KZN/Natal Joint Provident Fund		553,399	275,994
Government Employees Pensions Fund		507,488	337,620
Municipal Council Provident Fund		0	0
<b>4.2 Long service awards and retirement gifts</b>			
The independent valuers, One Pangaea Financial actuarial consulting, carry out a statutory valuation on an annual basis.			
The principal actuarial assumptions used were as follows:			
Discount rate per annum		8.46%	8.25%
General Salary Inflation (long term)		6.27%	7.00%
Net effective discount rate		1.11%	1.17%
Examples of mortality rates used were as follows:			
Average retirement age		63 years	63 years
Mortality during employment		SA85-90 Ultimate	SA85-90 Ultimate
<i>Members withdrawn from service:</i>			
Age 20		12.0%	12.0%
Age 25		6.6%	6.6%
Age 30		5.1%	5.1%
Age 35		3.6%	3.6%
Age 40		2.6%	2.6%
Age 45		1.8%	1.8%
Age 50		1.1%	1.1%
Age 55+		0.0%	0.0%
The amounts recognised in the Statement of Financial Position were determined as follows:			
Present value of funded obligations		670,000	602,000
Fair value of plan assets			
Liability in the Statement of Financial Position		<u>670 000</u>	<u>602 000</u>

**INDAKA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

	Note	2014 R	RESTATED 2013 R
Movement in the defined benefit obligation is as follows:			
Balance at beginning of the year		602 000	501 000
Current service cost		81 000	72 000
Interest cost		42 000	41 000
Actuarial (Gain)/losses		142 410	-
Benefit payments		( 197 410)	( 12 000)
Miscellaneous			
Balance at end of year		<u>670 000</u>	<u>602 000</u>
The amounts recognised in the Statement of Financial Performance were as follows:			
Current service cost		81 000	72 000
Interest cost		42 000	41 000
Actuarial (Gain)/losses		142 410	-
Benefit payments		( 197 410)	( 12 000)
		<u>68 000</u>	<u>101 000</u>
<b>In conclusion:</b>			
Statement of Financial Position obligation for:			
Post-employment medical benefits			
Long Service Award		670 000	602 000
		<u>670 000</u>	<u>602 000</u>
Statement of Financial Performance obligation for:			
Post-employment medical benefits			
Long Service Award loss		68 000	101 000
		<u>68 000</u>	<u>101 000</u>
Additional retirement costs		-	-
		<u>68 000</u>	<u>101 000</u>
Long service award gain		-	-
		<u>-</u>	<u>-</u>



**INDAKA LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2014

	Note	2014 R	RESTATED 2013 R
<b>5 DEPOSITS</b>			
Hall Deposits		5 945	5 610
<b>6 CURRENT PORTION OF PROVISIONS</b>			
Rehabilitation of the landfill site - current portion		113 432	748 551
Performance Bonus		70 000	70 000
		<u>183 432</u>	<u>818 551</u>
R 70 000.00 is included in employment related cost as performance bonus for the Municipal Manager.			
<b>7 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Trade creditors		1,820,101	6,253,019
Other Creditors		62,298	44,659
Other Creditors Payment in Advance-Debtors		14,122	233,472
Other Creditors-Conditional Grant Repayable		11,888,103	0
Retentions		3,012,740	2,423,993
Staff leave accrual		720,694	717,687
<b>Total creditors</b>		<u>17,518,059</u>	<u>9,672,830</u>
<b>8 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>			
<b>Unspent Conditional Grants from other spheres of Government</b>			
MSiG Grant Uthukela		56,126	56,126
MSiG Grant Uthukela			289,424
Eradication of Bucket System		671,219	671,219
Interdepartmental Planning		31,700	31,700
Backlog Infrastructure		80,702	80,702
Land Use Manageent		1,112	1,112
DBSA Feasibility Grant		92,907	92,907
FMG Grant'			172,692
D O E Grant		0	1,427,851
MIG 2013/2014		0	0
EPWP		0	
MIG Prior		0	7,020,396
<b>Total Unspent Conditional Grants and Receipts</b>		<u>933,766</u>	<u>9,844,130</u>
See Note 22 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.			
<b>9 VALUE ADDED TAXATION PAYABLE/RECEIVABLE FROM EXCHANGE</b>			
VAT Receivable		1,857,149	290,053
VAT is payable on the payment basis. Only once payment is made or received is VAT claimed or paid to SARS. All VAT returns have been submitted by the due date throughout the year.			
		<u>1,857,149</u>	<u>3,477,782</u>

INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

10 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Landfilled site	Land	Buildings	Infrastructure	Community	Other Assets	Leased assets	Under Construction	Total
	R	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2013									
Cost	250,000		4,444,379	39,368,454	9,001,603	3,783,610	284,898	15,832,788	72,985,732
Accumulated depreciation	250,000		5,591,040	49,511,025	10,709,563	7,399,482	866,530	15,832,788	90,160,448
Correction of error (33.1) previously not recognised	0		-1,148,661	-10,034,647	-1,795,906	-3,615,871	-601,632	0	-17,194,716
		1,738,000							
Restated Carrying Values at 30 June 2013									
Cost	250,000	1,738,000	4,444,379	39,476,378	8,913,678	3,783,611	284,898	15,832,788	74,723,732
Accumulated depreciation	250,000	1,738,000	5,591,040	49,511,025	10,709,563	7,399,482	866,530	15,832,788	91,918,448
Acquisitions	0	0	-1,148,661	-10,034,647	-1,795,906	-3,615,871	-601,632	0	-17,184,716
Capital under construction brought into use			615,770	10,450,890	1,205,992	621,290		10,535,763	23,429,505
Disposal of Assets				8,140,756				-8,140,756	0
Change in Policy						-34,587			-34,587
Cost	250,000	1,738,000	6,206,870	66,102,471	11,915,575	8,020,772	866,530	18,227,795	115,347,953
Acc dep									0
Assets written off									0
Cost									0
Accumulated Depreciation									0
Impairment						5,818			5,818
Change in Accounting Policy									0
Depreciation									0
Change in accounting Estimates			-201,265	-8,139,661	-454,323	-741,094	-208,258		-9,744,601
Carrying Value of disposals						6,830			6,830
Carrying Values at 30 June 2014									0
Cost	250,000	1,738,000	4,858,884	49,928,163	9,665,347	3,676,455	76,640	18,227,795	88,421,284
Accumulated depreciation	250,000	1,738,000	6,206,870	66,102,471	11,915,575	8,020,772	866,530	18,227,795	115,347,953
	0		-1,347,926	-18,174,308	-2,250,228	-4,344,317	-809,880	0	-26,926,669

INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

10 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Landfilled site	Land	Buildings	Infrastructure	Community	Other Assets	Leased assets	Under Construction	Total
	R	R	R	R	R	R	R	R	R
Carrying Values at 30 June 2012									
Cost	250,000		4,630,747	21,546,901	10,418,163	5,164,212	493,156	17,388,112	59,691,291
Accumulated depreciation	250,000		5,591,040	27,057,793	12,416,442	10,697,276	886,530	17,388,112	74,271,193
	0		(960,293)	(5,510,892)	(1,998,279)	(5,517,064)	(393,374)	0	(14,379,902)
Correction of error (33.1) previously not recognised									
Correction of error (33.1) Depreciation previously not recognised									
Note 37									
Correction of Error 30 June 2012									
Cost	0		0	0	(2,831,714)	0	0	0	(2,831,714)
Accumulated depreciation	0		0	0	(3,468,420)	0	0	0	(3,468,420)
					836,706	0	0	0	836,706
Change in Policy									
Change in Accounting Policy									
Depreciation						(446,990)			(446,990)
						(1,110,948)			(1,110,948)
						663,958			663,958
Restated Carrying Values at 30 June 2012									
Cost	250,000		4,630,747	21,546,901	7,886,448	4,717,222	493,156	17,388,112	56,612,584
Accumulated depreciation	250,000		5,591,040	27,057,793	8,948,022	9,570,328	886,530	17,388,112	69,691,825
	0		(960,293)	(5,510,892)	(1,361,573)	(4,853,106)	(393,374)	0	(13,079,238)
Acquisitions									
Capital under construction brought into use				6,563,196	263,486	118,216		15,832,787	22,777,685
Assets Previously not recognised				15,890,036	1,498,075			(17,388,111)	0
Disposal of Assets									0
Change in Policy									0
Depreciation									0
Change in accounting Estimates			(186,368)	(2,215,393)	(346,407)	(737,092)	(245,945)		(3,731,205)
Carrying Value of disposals	0		0	(2,396,286)	0	25,988	37,667	0	(2,332,631)
Cost	0		0	0	0	(340,702)	0	0	(340,702)
Accumulated depreciation						(2,269,062)			(2,269,062)
						1,946,360			1,946,360
Carrying Values at 30 June 2013									
Cost	250,000		4,444,379	39,476,378	8,913,678	3,783,610	284,898	15,832,788	72,985,732
Accumulated depreciation	250,000		5,591,040	49,511,025	10,709,593	7,369,462	866,530	15,832,788	90,180,448
	0		(1,146,661)	(10,034,647)	(1,795,905)	(3,615,871)	(601,632)	0	(17,194,716)

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	Note	2014 R
<b>11 INVESTMENT PROPERTY</b>		
<b>11.1 Reconciliation of carrying value</b>		
Accumulated depreciation and impairment losses	R	R
	(66,623)	(66,623)
<b>as at 1 July 2013</b>	<b>277,259</b>	<b>277,259</b>
Cost	343,882	343,882
Accumulated depreciation and impairment losses	(66,623)	(66,623)
Acquisitions	-	
Depreciation	(22,925)	(22,925)
Carrying value of disposals		
Cost		
Accumulated depreciation		
<b>as at 30 June 2014</b>	<b>254,334</b>	<b>254,334</b>
Cost	343,882	343,882
Accumulated depreciation and impairment losses	(89,548)	(89,548)
<b>as at 1 July 2012</b>	<b>253,866</b>	<b>253,866</b>
Cost	300,000	300,000
Accumulated depreciation and impairment losses	(46,134)	(46,134)
Acquisitions	-	
Depreciation	43,882	43,882
	(20,489)	(20,489)
Carrying value of disposals		
Cost	-	-
Accumulated depreciation	-	-
<b>as at 30 June 2013</b>	<b>277,259</b>	<b>277,259</b>
Cost	343,882	343,882
Accumulated depreciation and impairment losses	(66,623)	(66,623)
Accumulated depreciation and impairment losses	-66,623	-66,623
<b>11.2 Investment property pledged as security-not applicable.</b>		-

**INDAKA LOCAL MUNICIPALITY**  
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**12 INTANGIBLE ASSETS**

	2014	
12.1 Reconciliation of carrying value	Software R	Total R
<b>as at 1 July 2013</b>	<b>9,719</b>	<b>9,719</b>
Cost/Revaluation	22,089	22,089
Accumulated amortisation.	(12,370)	(12,370)
Acquisitions	170,000	170,000
Amortisation	(45,089)	(45,089)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation.	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
<b>as at 30 June 2014</b>	<b>134,630</b>	<b>134,630</b>
Cost/Revaluation	192,089	192,089
Accumulated amortisation.	(57,459)	(57,459)
<b>as at 1 July 2012</b>	<b>17,082</b>	<b>17,082</b>
Cost/Revaluation	22,089	22,089
Accumulated amortisation.	(5,007)	(5,007)
Acquisitions	-	-
Amortisation	(7,363)	(7,363)
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation.	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
<b>as at 30 June 2013</b>	<b>9,719</b>	<b>9,719</b>
Cost/Revaluation	22,089	22,089
Accumulated amortisation.	(12,370)	(12,370)

**INDAKA LOCAL MUNICIPALITY**  
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<b>13 HERITAGE ASSETS</b>	<b>2014</b>	<b>2013</b>
<b>13.1 Reconciliation of carrying value</b>	<b>Total R</b>	<b>Total R</b>
<b>as at 1 July 2013</b>	-	-
Cost/Revaluation	-	-
Accumulated amortisation.	-	-
Acquisitions	-	-
Amortisation	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation.	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Expenditure	-	-
<b>as at 30 June 2014</b>	-	-
Cost/Revaluation	-	-
Accumulated amortisation.	-	-
<b>as at 1 July 2012</b>	<b>676,880</b>	<b>676,880</b>
Cost/Revaluation	676,880	676,880
Accumulated amortisation.	-	-
Acquisitions	-	-
Amortisation	-	-
Carrying value of disposals	-	-
Cost	-	-
Accumulated amortisation.	-	-
Impairment loss/Reversal of impairment loss	-	-
Heritage asset removed from asset register (Restatement)	(676,880)	(676,880)
Other movements	-	-
<b>as at 30 June 2013</b>	-	-

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	2014 R	RESTATED 2013 R
<b>14. INVESTMENT PROPERTIES</b>		
Carrying Value Opening Balance	277,259	277,259
Loss on valuation	(22,925)	-
Gain on valuation	-	-
Sale of properties	-	-
Transfer from Property, Plant and Equipment	-	-
Carrying value at date of transfer	-	-
Market valuation at date of transfer	-	-
Fair value adjustments	-	-
Carrying Values Closing Balance	<u>254,334</u>	<u>277,259</u>
The fair value of these properties as valued by Council's valuer at 30 June 2014 amounts to	<u>254,334</u>	<u>277,259</u>
Rental income derived from these properties amount to	<u>102,952</u>	<u>76,993</u>
Details of investment properties are included in a register which is available for inspection at the municipal offices.		
<b>15.0 INVENTORIES</b>		
Consumable stores - at cost		
Fuel	69,206	175,193
Oil	48,645	139,890
Others	2,376	2,376
	18,185	32,927
Physical stock counts are carried out on 30 June 2014.		
Periodically, physical stock counts are carried out and any obsolete and redundant items are identified and written off under Council authority.		
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Electricity	1,369	1,406
Refuse	782,110	612,398
Consumer debtors for VAT	145,765	123,339
<b>Total service debtors</b>	<u>929,244</u>	<u>737,143</u>
Less: Allowance for impairment	-822,327	-544,059
<b>Total</b>	<u>106,917</u>	<u>193,084</u>
<b><i>Electricity: Ageing</i></b>		
Current (0 – 30 days)		-
31 - 60 Days		-
61 - 90 Days		-
91 - 120 Days		-
Greater than 120 days	1,369	1,406
<b>Total</b>	<u>1,369</u>	<u>1,406</u>

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NOTES TO THE FINANCIAL STATEMENTS  
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	2014 R	RESTATED 2013 R
<b>16. RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)</b>		
<i>Refuse: Ageing</i>		
Current (0 – 30 days)	18,480	14,860
31 - 60 Days	18,216	14,656
61 - 90 Days	18,208	14,647
91 - 120 Days	18,185	14,640
Greater than 120 days	709,021	553,795
<b>Total</b>	<b>782,110</b>	<b>612,398</b>
<i>Vat: Ageing</i>		
Current (0 – 30 days)	2,596	2,047
31 - 60 Days	2,557	2,046
61 - 90 Days	2,555	2,045
91 - 120 Days	2,552	2,044
Greater than 120 days	135,505	115,157
<b>Total</b>	<b>145,765</b>	<b>123,339</b>
<b>Reconciliation of the Allowance for Impairment</b>		
Balance at beginning of the year	1,341,998	752,336
Receivables from exchange transactions	544,059	305,374
Receivables from non-exchange transactions	797,939	446,962
(Release from) / Contribution to provision	619,004	589,662
Receivables from exchange transactions	278,268	238,685
Receivables from non-exchange transactions	340,736	350,977
	<b>619,004</b>	<b>589,662</b>
Vat on trade receivables from exchange transactions	-	-
Vat on trade receivables from non-exchange transactions	-	-
Receivables from exchange transactions	822,327	544,059
Receivables from non-exchange transactions	1,138,675	797,939
Balance at end of year	<b>1,961,002</b>	<b>1,341,998</b>
Bad debts written off	-	-
<b>17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Rates	1,708,681	1,042,254
Other debtors	4,010	346,554
Accrued Interest	194,173	383,457
Deposits Paid	12,940	12,940
Add back credits included above	14,122	233,472
	<b>1,933,925</b>	<b>2,018,678</b>
Less: Allowance for impairment	-1,138,675	-797,939
<b>Total Other Debtors</b>	<b>795,250</b>	<b>1,220,739</b>



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	2014 R	RESTATED 2013 R
<b>17. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS ( Continued )</b>		
<b><i>Rates: Ageing</i></b>		
Current (0 – 30 days)	53,055	66,811
31 - 60 Days	53,038	66,811
61 - 90 Days	53,038	66,811
91 - 120 Days	53,133	66,811
Greater than 120 days	1,510,538	1,008,484
<b>Total</b>	<b>1,722,803</b>	<b>1,275,726</b>
<b><i>Add back credits included above: Ageing</i></b>		
Current (0 – 30 days)	0	-615
31 - 60 Days	0	-617
61 - 90 Days	-223	-78
91 - 120 Days	0	-2,084
Greater than 120 days	-13,899	-230,078
<b>Total</b>	<b>-14,122</b>	<b>-233,472</b>
<b>18.0 INVESTMENTS</b>		
<b>18.1 CURRENT INVESTMENTS</b>		
Call investments	42,348,128	42,014,440
<b>TOTAL CURRENT INVESTMENTS</b>	<b>42,348,128</b>	<b>42,014,440</b>
<b><u>ACCOUNT DISCRPTION - Investments (MFMA requirement )</u></b>		
<b>Investment Bank account Call Account</b>		
Standard Bank Ladysmith Account Number 68522347-002 Short Term Investment Account		
Bank statement balance at the beginning of the year	11,210,399	11,302,687
Bank statement balance at the end of the year	-	11,210,399
<b>Investment Bank account 6 Month Fix</b>		
Standard Bank Ladysmith Account Number 068522347003 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	15,000,000
Bank statement balance at the end of the year	-	-
<b>Investment Bank account 3 Month Fix</b>		
Standard Bank Ladysmith Account Number 068522347008 Short Term Investment Account		
Bank statement balance at the beginning of the year	30,804,041	-
Bank statement balance at the end of the year	-	30,804,041
<b>Investment Bank account 6 Month Fix</b>		
First National Bank Ladysmith Account Number 74461862953 120 days Short Term Investment Account		
Bank statement balance at the beginning of the year	0	0
Bank statement balance at the end of the year	10,000,000	-
<b>Investment Bank account Call Account</b>		
Standard Bank Ladysmith Account Number 068522347-010 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	-
Bank statement balance at the end of the year	32,348,128	-

INDAKA LOCAL MUNICIPALITY  
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	2014 R	RESTATED 2013 R
<b>19.0 BANK BALANCES AND CASH</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	60,824,558	20,692,740
Petty Cash	1,000	1,000
	<u>60,825,558</u>	<u>20,693,740</u>
The Municipality has the following main bank accounts: -		
<b><u>Primary Bank Account</u></b>		
Standard Bank Ladysmith Branch Account Number 60157259		
Cash book balance at beginning of year	20,742,075	1,579,678
Cash book balance at end of year	<u>60,824,558</u>	<u>20,742,075</u>
Bank statement balance at beginning of year	20,742,075	2,940,897
Bank statement balance at end of year	<u>60,824,558</u>	<u>20,742,075</u>
Petty cash and cash on hand	<u>1,000</u>	<u>1,000</u>
<b>Total bank, cash and overdraft balances.</b>	<u>60,825,558</u>	<u>20,743,075</u>
<b>20.0 PROPERTY RATES</b>		
<b><u>Actual</u></b>		
Residential	2,502,108	2,372,689
Business	201,616	193,892
Agriculture	299,008	272,332
PSI	503	485
Vacant Land	287,792	273,416
Place of Worship	17,550	16,900
Other	2,246,015	1,991,656
<b>Total property rates</b>	<u>5,554,592</u>	<u>5,121,370</u>
Property rates - penalties imposed and collection charges		
<b>Total</b>	<u>5,554,592</u>	<u>5,121,370</u>
Rates Rebate	-786,851	-1,793,554
Rates Impermissible	-2,578,555	-1,692,635
<b>Total</b>	<u>-3,365,406</u>	<u>-3,486,189</u>
Adjustments	-	-
	<u>2,189,186</u>	<u>1,635,181</u>
<b><u>Valuations</u></b>		
Residential	215,699,000	215,699,000
Business	11,751,000	11,751,000
Agriculture	104,743,000	104,743,000
Place of Worship	6,500,000	6,500,000
Other	142,208,000	142,208,000
Vacant Land	21,032,000	21,032,000
P S I	186,500	186,500
<b>Total Property Valuations</b>	<u>502,119,500</u>	<u>502,119,500</u>

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	2014 R	RESTATED 2013 R
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2011.		
Assessment rates: Cents in the rand on market valuation as follows:		
Residential	0.0116	0.0110
Agricultural	0.00274	0.0026
Business	0.0174	0.0165
Place of Worship	0.0000	0.0000
Vacant Land	0.0116	0.0110
Other	0.0158	0.0150
Public service infrastructure	0.0027	0.0026
The first R120 000 of the valuation of residential properties are exempt from the calculation of rates.		
Impermissible:		
Residential property	135,000	15,000
Public service infrastructure	0	0
Place of Worship	0	0
<b>21.0 SERVICE CHARGES</b>		
Refuse removal	221,852	178,809
<b>Total Service Charges</b>	<u>221,852</u>	<u>178,809</u>
The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.		
<b>22.0 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable Share	63,188,116	59,589,000
Finance Management Grant	1,565,135	1,418,194
Msig Reserves	821,415	555,867
MIG	21,222,158	16,623,848
EPWP Grant	762,390	0
D O E Electrification Grant	1,764,046	4,593,913
Operating Grants	514,000	
<b>Total Conditional Grants and Receipts</b>	<u>89,837,260</u>	<u>82,780,822</u>
Operating Grants		263,000
MSIG Grant repaid to Treasury	289,425	2,900,000
FMG Grant repaid to Treasury	172,692	
DOE Grant repaid to Treasury	1,429,000	
<b>Sub Grant Expenditure</b>	<u>91,728,377</u>	<u>85,943,822</u>
<b>Grants</b>		
Less : Operating Grant	514,000	263,000
<b>Total grants received.</b>	<u>91,214,377</u>	<u>85,680,822</u>
<b>22.1 Equitable Share</b>		
Balance unspent at beginning of year	-	0
Current year receipts	63,188,116	59,589,000
Conditions met - transferred to revenue	-63,188,116	-59,589,000
	<u>-</u>	<u>-</u>

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

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	2014 R	RESTATED 2013 R
<b>22.2 Backlog Infrastructure Grant.</b>		
Balance unspent at beginning of year	80,702	80,702
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 8)	<u>80,702</u>	<u>80,702</u>
<b>22.3 DBSA Feasibility Grant.</b>		
Balance unspent at beginning of year	92,907	92,907
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 8)	<u>92,907</u>	<u>92,907</u>
<b>22.4 Eradicating Bucket System Grant.</b>		
Balance unspent at beginning of year	671,219	671,219
Adjustments		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 8)	<u>671,219</u>	<u>671,219</u>
<b>22.5 Financial Management Grant 2012/2013</b>		
Balance unspent at beginning of year	172,692	90,886
Current year receipts		1,500,000
Conditions met - transferred to revenue		-1,418,194
Grant repaid to Treasury	-172,692	
Conditions still to be met - remain liabilities (see note 8)	<u>0</u>	<u>172,692</u>
<b>22.6 Financial Management Grant 2013/2014</b>		
Balance unspent at beginning of year		
Current year receipts	1,650,000	
Conditions met - transferred to revenue	-1,565,135	
Conditions still to be met - remain liabilities (see note 8)	<u>84,865</u>	
<b>22.7 Inter Departmental Planning Grant</b>		
Balance unspent at beginning of year	31,700	31,700
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 8)	<u>31,700</u>	<u>31,700</u>
<b>22.8 LUMS.</b>		
Balance unspent at beginning of year	1,112	1,112
Adjustments		
Conditions still to be met - remain liabilities (see note 8)	<u>1,112</u>	<u>1,112</u>
<b>22.9 MSIG.-Uthukela.</b>		
Balance unspent at beginning of year	56,126	56,126
Adjustments		
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities (see note 8)	<u>56,126</u>	<u>56,126</u>

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	2014 R	RESTATED 2013 R
<b>22.10 D O E Electrification Grant</b>		
Balance unspent at beginning of year		
Current year receipts	1,427,851	1,021,764
Conditions met - transferred to revenue	7,000,000	5,000,000
Grant refunded to Treasury 2011/2012	-1,764,046	-4,593,913
Grant refunded to Treasury 2012/2013	-1,022,000	
Conditions still to be met - remain liabilities (see note 8)	-407,000	
	<u>5,234,805</u>	<u>1,427,851</u>
<b>22.11 MSIG</b>		
Balance unspent at beginning of year		
Current year receipts	289,425	45,292
Conditions met - transferred to revenue	890,000	800,000
Grant refunded to Treasury 2012/2013	-821,415	-555,867
Conditions still to be met - remain liabilities (see note 8)	-289,425	
	<u>68,585</u>	<u>289,425</u>
<b>22.12 MIG. 2012/2013</b>		
Balance unspent at beginning of year		
Current year receipts - transfer from 22.12	5,967,065	0
Conditions met - transferred to revenue	1,053,330	20,343,000
Roll Over	-5,865,961.94	-16,623,848
Grant Recovered		2,247,913
Conditions still to be met - remain liabilities (see note 8)		
	<u>1,154,433</u>	<u>5,967,065</u>
<b>22.13 MIG.Prior</b>		
Balance unspent at beginning of year		
Current year receipts	1,053,330	6,201,243
Conditions met - transferred to revenue		0
Grant Roll over transferred to 22.11		0
Grant Recovered	-1,053,330	-2,247,913
Conditions still to be met - remain liabilities (see note 8)		-2,900,000
	<u>0</u>	<u>1,053,330</u>
<b>22.14 MIG.2013/2014</b>		
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue	20,464,000	
Conditions still to be met - remain liabilities (see note 8)	-15,356,195	
	<u>5,107,805</u>	
<b>22.15 EPWP</b>		
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue	1,000,000	
Conditions still to be met - remain liabilities (see note 8)	-762,390	
	<u>237,610</u>	
<b>23.0 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages, Bonuses	8,017,849	7,313,672
Employee related costs - Contributions for UIF, pensions	748,406	695,830
Travel, motor car, accommodation, subsistence and other allowances	297,536	304,887
Medical Aid Contributions	138,606	119,092
Housing benefits and allowances	46,874	48,339
Overtime payments	3,220	5,159
Performance and other bonuses		590,791
Long-service awards		-
Other employee related costs	4,286	22,950
<b>Total Employee Related Costs</b>	<u>9,256,777</u>	<u>9,100,720</u>
Recharged to other departments	0	0
<b>Total Employee Related Costs</b>	<u>9,256,777</u>	<u>9,100,720</u>
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration	525,000	506,250
Performance- and other bonuses	0	70,000
Travel, motor car, accommodation, subsistence and other allowances	199,200	168,750
Contributions to UIF, Medical and Pension Funds	8,753	1,617
<b>Total</b>	<u>732,953</u>	<u>746,617</u>

**INDAKA LOCAL MUNICIPALITY**  
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	2014 R	RESTATED 2013 R
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	198,333	0
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	7,200	0
Contributions to UIF, Medical and Pension Funds	2,676	0
<b>Total</b>	<u>208,209</u>	<u>0</u>
<b>Appointed February 2014</b>		
<b>Remuneration of Individual Executive Directors</b>		
	<b>Technical Services R</b>	<b>Corporate Services R</b>
<b>2014</b>		
Annual Remuneration	547,800	119,094
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	69,600	35,056
Contributions to UIF, Medical and Pension Funds	7,935	1,969
<b>Total</b>	<u>625,335</u>	<u>156,119</u>
<b>Appointed April 2014</b>		
	<b>Technical Services</b>	<b>Corporate Services</b>
<b>2013</b>		
Annual Remuneration	398,400	344,000
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	96,000
Contributions to UIF, Medical and Pension Funds	1,118	1,118
<b>Total</b>	<u>399,518</u>	<u>441,118</u>
	R	R
<b>24.0 REMUNERATION OF COUNCILLORS</b>		
Mayor	623,816	591,787
Deputy Mayor	503,226	477,198
Speaker	503,227	477,198
Executive Committee Members	539,169	495,199
Councillors	2,956,051	2,738,882
<b>Total Councillors' Remuneration</b>	<u>5,125,489</u>	<u>4,780,264</u>
<b>In-kind Benefits</b>		
The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor is in title the use of the Council owned vehicle for official duties. The Mayor is entitled to VIP protection, driver and secretary to support the Mayors office.		
<b>25.0 FINANCE COSTS</b>		
Interest on external loan DBSA	187,636	195,897
Interest on external loan Wesbank	-	-
Interest on Fintech Lease	26,326	59,028
<b>Total Finance Costs</b>	<u>213,962</u>	<u>254,925</u>
<b>26.0 CONTRACTED SERVICES</b>		
Contracted services for:		
Internal Audit	1,715,382	1,314,449
Refuse Removals	718,087	659,587
Security Services	2,280,959	2,059,720
Other	335,539	579,752
	<u>5,049,968</u>	<u>4,613,508</u>
<b>27.0 GRANT EXPENDITURE</b>		
Grant Expenditure	3,293,898	2,520,813
	<u>3,293,898</u>	<u>2,520,813</u>

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	2014 R	RESTATED 2013 R
<b>28.0 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Access and licence fees (CICS)	122,323	24,413
Advertisement	110,049	131,058
Assets under R 5000.00	25,699	2,887
Audit Committee & Internal Audit Map		1,243,290
Audit fees	764,715	
Bank Charges	32,037	32,748
Busaries		47,940
Cellphones	85,470	39,010
Cleaning Materials	7,158	22,920
Computer Equipment		17,501
Conferences and seminars	103,807	3,722
Contributions		147,621
Electricity	569,901	582,348
Entertainment	82,394	39,564
Fuel & Lubricants	310,198	343,119
HIV/AIDS	9,300	700
IDP Spatial Development	319,000	175,439
Infrastructure plan.	275,000	
Insurance	381,801	336,012
Landfill Site	152,000	
Legal Costs	361,645	315,865
Planning IDP. review	175,439	
Ploughing Project		204,892
PMU Costs	54,116	527,949
Postage	1,575	1,299
Printing and Stationery	119,925	148,512
Protective Clothing	18,658	9,991
Public participation /Speaker		83,707
Purchase of tools	1,670	490
Recruitment of staff.	8,890	
Registration & License Fees	27,283	34,120
Report on Landfill Site		50,000
Rental Office Machinery	393,081	339,009
Rural development strategy.	209,400	
SALGA Membership	450,000	
Skills Development Levy	126,228	124,447
Skills recognition	10,800	
Street Lighting		21,000
Subsistence and travelling	123,077	140,874
Support and maintenance	448,422	387,859
Telephones	367,013	253,642
Training Councillors		30,000
Training Staff Members	294,242	39,357
Ward Committees	1,135,000	1,156,000
Waste management plan.	389,000	
Capacity Building	3,738	
Hiring equipment	251,834	
Sundries		278,768
	<b>8,321,888</b>	<b>7,338,073</b>

**INDAKA LOCAL MUNICIPALITY**  
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	2014 R	RESTATED 2013 R
<b>29.0 FINANCE LEASE LIABILITY</b>		
GRAP 13, paragraph 12 Leases, When the lease term is for the major part of the economic life of the asset even if title is not transferred or at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset the asset should be classified as a finance lease.		
Within one year		221,616
In the second to fifth year inclusive		95,903
After five years	-	-
Future Finance charged on finance leases		-28,539
<b>Total</b>	<u>0</u>	<u>288,980</u>
The present value of finance lease liabilities is as follows:		
Within one year	93,691	195,289
In the second to fifth year inclusive		93,691
After five years		
<b>Total</b>	<u>93,691</u>	<u>288,980</u>
<b>30.0 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Investment Property	102,952	76,993
Other rentals	-	0
<b>Total rentals</b>	<u>102,952</u>	<u>76,993</u>
<b>31.0 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Investments	3,876,256	1,790,234
<b>Total interest</b>	<u>3,876,256</u>	<u>1,790,234</u>
<b>32.0 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>32.1 Other Income</b>		
Miscellaneous	21,126	21,016
Tender Documents	77,501	60,571
Burial Fees	14,660	13,376
Site clearance	79	
<b>Total Other Income</b>	<u>113,366</u>	<u>94,963</u>
<b>33.0 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	9,731,953	3,751,694
Property, plant and equipment-Returned Assets	5,818	
Investment Property	22,925	
Change in Accounting Estimates		2,332,631
Intangible assets	45,089	7,363
<b>Total Depreciation and Amortisation</b>	<u>9,805,785</u>	<u>6,091,688</u>



**INDAKA LOCAL MUNICIPALITY**  
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	2014 R	RESTATED 2013 R
<b>34.0 CASH GENERATED BY OPERATIONS</b>		
Cash generated from operations		
Surplus for the year	53,238,700	50,514,589
Adjustments for:		
Investment Income	-3,876,256	-1,790,234
Bad. Debts.		589,672
Depreciation	9,805,786	6,091,688
Interest Paid	213,962	254,850
Loss on sale of PPE		79,303
Contributions non-current provisions.	-182,000	250,000
Contributions current provisions.	363,432	318,551
<b>Operating surplus before working capital changes</b>	<b>59,563,624</b>	<b>56,308,419</b>
Receivables from exchange transactions.	86,167	-538,344
Receivables from non-exchange transactions.	425,489	-935,780
Decrease/Increase in un-spent conditional grants.	2,977,740	1,551,178
Decrease/Increase in inventories.	105,987	-159,723
Decrease/Increase in creditors	-4,042,875	1,438,910
Decrease/Increase in vat.	1,620,633	-1,395,395
Decrease/Increase Housing Development Appropriations	35,534	-35,482
Cash generated from operations.	<b>60,772,300</b>	<b>56,233,783</b>
<b>35.0 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	60,824,558	20,693,740
Call Investment Deposits	42,348,128	42,014,440
Petty Cash	1,000	1,000
<b>Net cash and cash equivalents</b>	<b>103,173,686</b>	<b>62,709,180</b>
<b>36.0 CHANGE IN ESTIMATE.</b>		
<b>2014</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and/or changes to existing policies:		
Computer equipment accumulated depreciation	-1,234	
Furniture & Fittings accumulated depreciation	-5,596	
	<b>-6,830</b>	
<b>36.1 CHANGE IN ACCOUNTING POLICY.</b>		
<b>2013</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and/or changes to existing policies:		
During the year the Municipality reviewed and changed its accounting policy with respect to the threshold of Capitalizing assets over R5000-00 and keeping an inventory of assets under R 5000.00		
Decrease in Computer equipment	-	-176,048
Computer equipment accumulated depreciation	-	122,312
Decrease in Furniture & Fittings.	-	-676,269
Furniture & Fittings accumulated depreciation	-	437,893
Decrease in Office equipment.	-	-256,391
Office equipment accumulated depreciation	-	102,684
Decrease in Plant & equipment.	-	-2,241
Plant & equipment accumulated depreciation	-	1,069
	<b>-</b>	<b>-446,990</b>
<b>2014</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and/or changes to existing policies: Grap 25		
Post Retirement Benefits- GRAP 25.	68,000	
Intangible Assets GRAP 31	124,911	
	<b>192,911</b>	<b>-</b>

INDAKA LOCAL MUNICIPALITY  
 NOTES TO THE FINANCIAL STATEMENTS  
 for the year ended 30 June 2014

	2014 R	RESTATED 2013 R
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37.0 CORRECTION OF ERRORS

The comparatives to 2012/2013 have been restated in respect of the following errors.

37.1 Statement of Financial Performance	As Previously Reported	Correction of Errors.	Restated
Property rates	1,776,645	-141,464	1,635,181.46
Service charges	178,809	-40,663	138,146.62
<b>Total Revenue</b>	<b>87,001,817</b>	<b>-182,127</b>	<b>86,819,690</b>
Finance Charges	254,850	75	254,925
Repairs and maintenance	386,105	-185	385,920
General expenses	7,470,755	-132,682	7,338,073
	<b>36,487,229</b>	<b>-132,792</b>	<b>36,354,437</b>
<b>Surplus/Deficit</b>	<b>50,514,588</b>	<b>-49,335</b>	<b>50,465,253</b>

Details of re-statements

Property Rates	As Previously Reported.	Corrections	Re-Stated.
Property Rates	1,776,645	-141,464	1,635,181
Reversed charges on Municipal property.	<b>1,776,645</b>	<b>-141,464</b>	<b>1,635,181</b>

Service Charges	As Previously Reported.	Corrections	Re-Stated.
Refuse	178,809	-40,663	138,146.62
Reversed refuse charges on vacant land.	<b>178,809</b>	<b>-40,663</b>	<b>138,147</b>

Finance Charges	As Previously Reported.	Corrections	Re-Stated.
DBSA charges	254,850	74.92	254,925
Aligned DBSA interest with the statement.	<b>254,850</b>	<b>75</b>	<b>254,925</b>

INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
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GENERAL EXPENSES	As Previously Reported.	2014	RESTATED
		R	2013 R
		Corrections	Re-States.
Included in general expenses are the following:-			
Access and licence fees (CICS)	24,413		24,413
Advertisement	132,130	-1,072	131,057
Assets under R 5000.00	2,887		2,887
Audit Committee & Internal Audit Map	1,243,290		1,243,290
Bank Charges	32,748		32,748
Busarries	57,440	-9,500	47,940
Cellphones	39,010		39,010
Cleaning Materials	11,920	11,000	22,920
Computer Equipment	17,501		17,501
Conferences and seminars	3,722		3,722
Contributions	147,621		147,621
Electricity	582,348		582,348
Entertainment	39,564		39,564
Fuel & Lubricants	343,119		343,119
HIV/AIDS	700		700
IDP Spatial Development	175,439		175,439
Insurance	336,012		336,012
Legal Costs	315,865		315,865
Membership Fees	400,000	-400,000	0
Ploughing Project	204,892		204,892
PMU Costs	527,949		527,949
Postage	1,299		1,299
Printing and Stationery	150,889	-2,377	148,512
Protective Clothing	9,991		9,991
Public participation /Speaker	83,707		83,707
Purchase of tools	490		490
Registration & License Fees	34,120		34,120
Report on Landfill Site	50,000		50,000
Rental Office Machinery	339,009		339,009
Skills Development Levy	124,447		124,447
Street Lighting	21,000		21,000
Subsistence and travelling	150,374	-9,500	140,874
Support and maintenance	387,859		387,859
Telephones	253,642		253,642
Training Councillors	30,000		30,000
Training Staff Members	39,357		39,357
Ward Committees	1,156,000		1,156,000
Sundries		278,768	278,768
	<b>7,470,754</b>	<b>-132,682</b>	<b>7,338,073</b>

**Details of re-statements**

Non-Current Assets	As Previously Reported.	Corrections	Re-States.
Heritage assets	676,880	-676,880	0
Vacant land previously not recognised.		1,738,000	
Heritage assets removed from the asset register. Municipality does not have full control of the asset.	676,880	1,061,120	0

**Total prior period errors**

**1,011,785**

INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
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	2014 R	RESTATED 2013 R
<b>38.0 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>38.1 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	42,743,773	38,383,555
Irregular expenditure current year	13,084,247	0
Irregular expenditure not reported previous year		1,710,086
Irregular expenditure not reported previous year 2012/2013		2,650,132
Irregular expenditure awaiting decision by council.		
	<b>55,828,019</b>	<b>42,743,773</b>

Incident	Disciplinary steps/criminal proceedings
<b>Incident not reported previous year-Obhukwini Road-Contractor Sicelimpilo</b>	
<b>Contractors-</b> Total Contract Value-R 2 704 340.66 Payment R 1 710 085.50	
Irregular expenditure Current Year-Not following Supply Chain Procedures.	
<b>Incident- Limehill Highmast Lights -Contractor Veez Micro</b>	
Contractor were appointed without following Supply Chain Procedures.	
<b>Contractors-</b> Total Contract Value-R 1 134 015.00 No Payment up to date.	

**38.2 Unauthorised expenditure**

Reconciliation of unauthorised expenditure		
Opening balance	0	5,875,090
Unauthorised expenditure current year	-	0
Approved by Council.		(5,875,090)
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation		
	<b>0</b>	<b>0</b>

Incident	Disciplinary steps/criminal proceedings
Unbudgeted expenditure	

**38.3 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	3,560,860	3,549,165
Fruitless and wasteful expenditure current year	2,005,272	11,695
Approved by Council.	-	-
To be recovered – contingent asset	-	-
Fruitless and wasteful expenditure awaiting decision by council.		
	<b>5,566,132</b>	<b>3,560,860</b>

Incident	Disciplinary steps/criminal proceedings
Fruitless & Wasteful Expenditure - (R4004.79) Interest on various overdue accounts - Eskom.	

INDAKA LOCAL MUNICIPALITY  
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	2014 R	RESTATED 2013 R
<b>39.0 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>39.1 Contributions to organised local government</b>		
Opening balance	-	-
Council subscriptions	450,000	400,000
Amount paid - current	(450,000)	(400,000)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>39.2 Audit fees</b>		
Opening balance	-	-
Current year audit fee	764,715	1,243,290
Amount paid - current year	-764,715	-1,243,290
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>39.3 VAT</b>		
VAT input receivables and VAT output payables are shown in note 9. All VAT returns have been submitted by the due date throughout the year.		
<b>39.4 PAYE,SKILLS and UIF</b>		
Opening balance	86,685	-
Current year payroll deductions	2,425,101	2,135,833
Amount paid - current year	-2,425,101	-2,049,148
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>86,685</u>	<u>86,685</u>
<b>39.5 Pension and Medical Aid Deductions</b>		
Opening balance	-	-
Current year payroll deductions and Council Contributions	1,729,025	1,341,025
Amount paid - current year	-1,729,025	-1,341,025
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u>-</u>	<u>-</u>
<b>39.6 Councillor's arrear consumer accounts</b>		
The following Councillors had arrear accounts outstanding for more than 90 days as at: -	<b>Total</b>	<b>Total</b>
	R	R
as at 30 June 2014	-	-
as at 30 June 2013	-	-
<b>Total Councillor Arrear Consumer Accounts</b>	<u>-</u>	<u>-</u>

**INDAKA LOCAL MUNICIPALITY**  
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	2014 R	RESTATED 2013 R
<b>39.7 Supply chain management deviations</b>		
Dumezweni Accountants (PTY) Ltd	5,850	
Mechanical Services	54,808	
Mechanical Services	108,980	
Mechanical Services	108,980	
Kliprivier	1,511	
My Nunu Business Enterprise	4,500	
MKZ Electrical	3,560	
Mortimer Toyota	4,504	
Seethal Attorneys		311,901
B P Khubeka		7,600
E M Nkosi		4,500
GVD Electrical		2,114
MKZ Electrical		7,420
Maharaj Plumbing		2,810
	<u>292,693</u>	<u>336,345</u>
<b>39.8 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</b>		
None		
<b>40.0 CAPITAL COMMITMENTS</b>		
<b>40.1 Commitments in respect of capital expenditure</b>		
- Approved and contracted for	16,470,165	29,334,082
Infrastructure	16,470,165	28,334,082
Community	-	-
Heritage	-	-
Other	-	1,000,000
- Approved but not yet contracted for	0	0
Infrastructure	0	-
Community	-	-
Heritage	-	-
Other	-	-
Total	<u>16,470,165</u>	<u>29,334,082</u>
This expenditure will be financed from:		
- External Loans	-	-
- Government Grants	14,599,419	22,590,000
- Own resources	1,870,746	6,744,082
- District Council Grants	-	-
	<u>16,470,165</u>	<u>29,334,082</u>
<b>41.0 Operating leases</b>		
<b>Operating leases - lessor</b>		
Within one year	14,474	36,316
In the second to fifth year inclusive		14,474
Total	<u>14,474</u>	<u>50,790</u>
See note 30 for rental income.		
<b>42.0 RETIREMENT BENEFIT INFORMATION</b>		
<b>42.1 Defined contribution plan</b>		
The following are defined contribution plans: These contributions have been expensed.		

INDAKA LOCAL MUNICIPALITY  
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	2014 R	RESTATED 2013 R
<b>42.2 Defined benefit plan</b>		
Personnel are members of the Natal Joint Municipal Pension Fund, Government Employees Pension Fund and Municipal Council Pension Funds. The last actuarial valuation for Natal Joint Pension Fund was on 31 March 2012, for Government Employees Pension Fund the last actuarial valuation was on 31 March 2010 and for the Municipal Council Pension Fund the last actuarial valuation was on 3 June 2009.		
<b>43.0 CONTINGENT LIABILITY</b>		
<b>43.1 Pending Legal Cases</b>		
Indaka Local Municipality/S M Mbhele & Dlamini	60,000	0
Indaka Local Municipality/B S Maphanga	60,000	0
Indaka Local Municipality/Khumalo & Dlamini	60,000	
Indaka Local Municipality/B B Mdletshe & Another	60,000	
Magugu/Indaka Local Municipality	60,000	
	<u>300,000</u>	<u>0</u>
<b>44.0 CONTINGENT ASSET</b>		
None		
<b>45.0 IN-KIND DONATIONS AND ASSISTANCE</b>		
None		
<b>46.0 COMPARISON WITH THE BUDGET</b>		
The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2).		
<b>47.0 RELATED PARTIES</b>		
<b>47.1 Transactions with Related Parties</b>		
No transactions has been conducted during the financial year.		
<b>47.2 Key Management Personnel Compensation</b>		
Compensation of Key Management Personnel and Councillors is set out in Notes 23 and 24 respectively to the Annual Financial Statements.		
<b>48.0 EVENTS AFTER THE REPORTING DATE</b>		
<b>48.1 None</b>		
<b>49.0 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
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		
Present value of defined benefit obligation		
Provision for doubtful debts		

INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
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		2014 R		RESTATED 2013 R
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50 FINANCIAL RISK MANAGEMENT

**Financial Risk Management Objectives**

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities.

The municipality's Corporate Treasury function provides services to the business, co-ordinates access to domestic financial markets, monitors and manages the financial risks relating to the operations of the municipality. These risks include market risk (including, fair value and interest rate risk), credit risk and liquidity risk.

The use of financial derivatives is governed by the municipality's policies approved by the Council, which provide written principles on interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The municipality does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

50.1 **Maximum credit risk exposure**

Credit rate risk consist 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

Except as detailed below, the carrying amount of financial assets recorded in the Annual Financial Statements, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit exposure in respect of the relevent financial instruments is as follows (domestic exposure only)

	2014 R	2013 R
Investments		
Cash and Cash Equivalents	42,348,128	42,014,440
Interest rate swaps	60,825,558	20,693,740
Financial guarantees	-	-
Trade and other receivables		4,693,446
<b>Maximum Credit Exposure</b>	<b>103,173,686</b>	<b>67,450,961</b>

50.2 **Credit Risk Management**

Credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Except as detailed in the following table, the carrying amount of financial assets recorded in the Annual Financial Statements, which is net of impairment losses, represents the municipality's maximum exposure to credit risk without taking account of the value of any collateral obtained:

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows (domestic exposure only, no international exposure):

Investments	42,348,128	42,014,440
Receivables	902,167	1,413,823
Cash and Cash Equivalents	60,825,558	20,693,740
<b>Maximum Credit and Interest Risk Exposure</b>	<b>104,075,853</b>	<b>64,171,338</b>



INDAKA LOCAL MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2014

	2014 R	RESTATED 2013 R
<b>Credit quality of Financial Assets:</b>		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:		
<b>Receivables are broken down as follows:</b>		
Exchange	106,917	193,084
Non-Exchange	795,250	1,220,739
	<u>902,167</u>	<u>1,413,823</u>
<b>The ageing of exchange and non-exchange receivables at the reporting date was as follows:</b>		
Gross	2,637,925	2,012,869
Current (0 – 30 days)	147,942	83,517
31 - 60 Days	73,578	83,513
61 - 90 Days	73,871	83,502
91 - 120 Days	72,999	83,495
Greater than 120 days	2,269,535	1,678,842
Less: Provision for Bad Debts	-1,961,001	-1,341,998
<b>Net Consumer Debtors</b>	<u>676,924</u>	<u>670,871</u>
<b>Movement in the provision for bad debts:</b>		
Balance at the beginning of the year		752,336
Contribution	1,341,998	589,662
Bad Debts written off	619,003	0
	0	0
<b>Balance at year end</b>	<u>1,961,001</u>	<u>1,341,998</u>

**50.3 Liquidity risk**

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

**50.4 Interest rate risk**

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in the market interest rates.

At year end, financial instruments exposed to interest rate risk were as follows:

	2014 R	2013 R
Call deposits	32,348,128	11,210,399
Investment deposits	10,000,000	30,804,041
Bank balances and cash	60,825,558	20,743,075
Development Bank of South Africa loan	3,666,382	3,535,189
<b>Maximum Interest exposure</b>	<u>106,840,068</u>	<u>66,592,704</u>

**50.5 Other price risk**

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments

51. COMPARATIVE AND ACTUAL INFORMATION

Description		2013/14						
R (000) thousands		Original Budget	Budget Adjustments	Final Budget	Actual outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>Financial Performance</b>								
Property rates	2,029,208	2,233,603		2,233,603	2,189,186	44,417	98%	108%
Services charges - Refuse	188,644	220,000		220,000	221,852	-1,852	101%	118%
Rental of Facilities and Equipment	75,766	78,398		78,398	102,952	-24,554	131%	136%
Interest Earned-External investment	1,000,000	2,850,000		2,850,000	3,876,256	-1,026,256	136%	388%
Transfers recognised - operational	67,380,000	67,241,000		67,241,000	66,851,057	389,943	99%	98%
Other own revenue	68,693	75,000		75,000	113,360	-38,366	151%	165%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>70,742,311</b>	<b>72,698,001</b>	<b>72,698,001</b>	<b>73,354,669</b>	<b>-656,667</b>			
Employee Related Costs	12,268,079	11,985,652		11,985,652	9,256,777	2,708,875	77%	75%
Remuneration of Councillors	5,384,635	5,414,941		5,414,941	5,125,489	289,452	95%	95%
Dept Impairment	1,200,000	700,000		700,000	619,003	80,997	88%	52%
Depreciation and asset impairment	7,290,000	8,690,000		8,690,000	9,805,786	-1,115,786	113%	135%
Finance charges	275,000	195,000		195,000	213,962	-18,962	110%	78%
Contracted Services	4,535,000	4,285,000		4,285,000	5,049,986	-764,986	118%	111%
Transfers and Grants	1,000,000	800,000		800,000	559,541	240,459	70%	56%
Other Expenditure	26,190,517	23,018,180		23,018,180	12,442,877	10,575,303	54%	48%
Loss on Disposal of PPE					28,769	-28,769		
<b>Total Expenditure</b>	<b>58,143,231</b>	<b>55,068,773</b>	<b>55,068,773</b>	<b>43,102,173</b>	<b>11,966,600</b>			
<b>Surplus</b>	<b>12,599,079</b>	<b>17,629,228</b>	<b>17,629,228</b>	<b>30,252,496</b>	<b>-12,623,267</b>			
Transfers recognised - capital								
Contributions recognised - capital and contributed assets								
<b>Surplus after capital transfers &amp; contributions</b>	<b>38,846,701</b>	<b>34,484,395</b>	<b>34,484,395</b>	<b>22,986,204</b>	<b>11,498,191</b>		<b>67%</b>	<b>59%</b>
Share of surplus of associate								
<b>Surplus for the year</b>	<b>51,445,780</b>	<b>52,113,623</b>	<b>52,113,623</b>	<b>53,238,699</b>	<b>-1,125,076</b>			
<b>Capital Expenditure &amp; funds sources</b>								
Capital Expenditure								
Transfers recognised - capital								
Public Contributions and Donations								
Assets previously not recognised.								
Internally generated funds								
<b>Total Sources of capital funds</b>	<b>51,436,027</b>	<b>52,074,526</b>	<b>52,074,526</b>	<b>23,634,092</b>	<b>28,440,434</b>		<b>59%</b>	<b>25%</b>

**Cash Flows**

Net cash from (used) operating	49,847,074	51,943,589	64,434,592
Net cash from (used) investing	-51,436,027	-50,000,027	-23,605,324
Net cash from (used) financing	-395,659	-178,149	-363,762
<b>Cash/cash equivalents at the year end</b>	<b>-1,984,612</b>	<b>1,765,413</b>	<b>40,465,506</b>

**INDAKA LOCAL MUNICIPALITY**

**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2014

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2013	Received during the period	Redeemed / written off during the period	Correction	Balance at 30 June 2014
			R	R	R		R
ANNUITY LOAN DBSA @ 5%	KZN 102849	30.09.2028	3,835,189	-	168,936	129	3,666,382
<b>TOTAL EXTERNAL LOANS</b>			<b>3,835,189</b>	<b>-</b>	<b>168,936</b>	<b>129</b>	<b>3,666,382</b>

INDAKA LOCAL MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2014

2013/2014	Assets at cost	Carrying value	Additions	Work in progress	Assets previously not recognised/der registered	Disposals	Assets at cost	Accumulated depreciation	Sum of Disposals 2013/2014	Sum of Change in Accounting estimates 2013/2014	Depreciation 2013/2014	Sum of Closing Balance Accumulated Depreciation 2013/2014	Sum of Carrying Value 2013/2014
<b>BUILDINGS</b>													
Buildings	5,707,531	6,854,193	615,770				6,323,301	-1,146,662			-201,265	-1,347,927	4,975,375
	<b>5,707,531</b>	<b>6,854,193</b>	<b>615,770</b>				<b>6,323,301</b>	<b>-1,146,662</b>			<b>-201,265</b>	<b>-1,347,927</b>	<b>4,975,375</b>
<b>COMMUNITY ASSETS</b>													
Arts & Crafts	2,289,912	2,789,541					2,289,912	-499,629			-76,330	-575,959	1,713,583
Cemetry	1,188,549	1,188,549	178,527				1,367,076				-87,143	-87,143	1,279,933
Creche	3,635,083	4,136,384					3,635,083	-601,310			-108,390	-609,700	3,026,383
Halls	2,823,119	3,210,367	1,027,465				3,850,564	-387,248			-106,384	-493,632	3,356,932
Library	1,006,000	1,240,710					1,006,000	-234,710			-33,533	-268,244	737,756
Market Stall	1,276,252	1,449,259					1,276,252	-173,007			-42,542	-215,549	1,060,703
Sportsfield				110,197			110,197						110,197
	<b>12,218,915</b>	<b>14,014,819</b>	<b>1,205,992</b>	<b>110,197</b>			<b>13,535,105</b>	<b>-1,795,905</b>			<b>-454,323</b>	<b>-2,250,227</b>	<b>11,284,877</b>
<b>HERITAGE ASSET</b>													
Heritage													
<b>INFRASTRUCTURE</b>													
Electricity	10,755,128	10,757,279	1,026,223	524,003			12,305,354	-2,151			-466,702	-468,853	11,836,500
Roads	52,640,859	62,611,203	9,424,467	9,936,148			72,001,475	-9,970,345			-7,662,226	-17,632,570	54,368,904
Stormwater	322,004	384,155					322,004	-62,151			-10,733	-72,885	249,119
	<b>63,717,990</b>	<b>73,752,638</b>	<b>10,450,690</b>	<b>10,460,152</b>			<b>84,628,832</b>	<b>-10,034,647</b>			<b>-8,139,661</b>	<b>-18,174,309</b>	<b>66,454,523</b>
<b>INTANGIBLE ASSETS</b>													
Intangible Assets	22,089	34,460	170,000				192,089	-12,370			-45,089	-57,460	134,630
	<b>22,089</b>	<b>34,460</b>	<b>170,000</b>				<b>192,089</b>	<b>-12,370</b>			<b>-45,089</b>	<b>-57,460</b>	<b>134,630</b>
<b>INVESTMENT PROPERTY</b>													
Investment Property	343,882	410,504					343,882	-66,823			-22,925	-89,548	254,333
	<b>343,882</b>	<b>410,504</b>					<b>343,882</b>	<b>-66,823</b>			<b>-22,925</b>	<b>-89,548</b>	<b>254,333</b>
<b>LANDFILL SITE</b>													
Landfill Site	250,000	250,000					250,000						250,000
	<b>250,000</b>	<b>250,000</b>					<b>250,000</b>						<b>250,000</b>
<b>LAND</b>													
Vacant Land	1,738,000						1,738,000						1,738,000
	<b>1,738,000</b>						<b>1,738,000</b>						<b>1,738,000</b>
<b>LEASED ASSETS</b>													
Leased Assets	866,530	1,488,163					866,530	-601,532			-208,258	-809,890	76,640
	<b>866,530</b>	<b>1,488,163</b>					<b>866,530</b>	<b>-601,532</b>			<b>-208,258</b>	<b>-809,890</b>	<b>76,640</b>
<b>OTHER ASSETS</b>													
Computer equipment	557,816	949,706	143,782				667,012	-391,890	5,818	1,233	-79,821	-484,659	202,352
Furniture & Fittings	1,348,735	2,254,099	5,482				1,354,217	-905,365		5,596	-143,029	-1,042,797	311,420
Office equipment	284,413	430,611	5,760				289,573	-146,198			-36,449	-182,647	106,927
Plant & equipment	3,535,356	4,879,927					3,535,356	-1,340,571			-272,983	-1,613,553	1,925,803
Veehicles	1,669,160	2,501,007	486,866				2,136,026	-831,847			-208,812	-1,040,659	1,095,367
	<b>7,399,481</b>	<b>11,015,361</b>	<b>621,291</b>				<b>7,986,185</b>	<b>-3,615,870</b>	<b>5,818</b>	<b>6,830</b>	<b>-741,094</b>	<b>-4,344,316</b>	<b>3,641,869</b>
	<b>90,546,419</b>	<b>107,820,128</b>	<b>13,063,743</b>	<b>10,570,349</b>			<b>115,885,924</b>	<b>-17,273,709</b>	<b>5,818</b>	<b>6,830</b>	<b>-9,812,616</b>	<b>-27,073,677</b>	<b>88,810,247</b>

INDAKA LOCAL MUNICIPALITY  
APPENDIX B  
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT  
as at 30 June 2014

2012/2013	Assets at cost	Carrying value	Additions	Work in progress	Prior period error	Disposals	Assets at cost	Accumulated depreciation	Sum of Disposals 2012/2013	Sum of Change in Accounting estimates 2012/2013	Depreciation 2012/2013	Sum of Closing Balance Accumulated Depreciation 2012/2013	Sum of Carrying Value 2012/2013
<b>BUILDINGS</b>													
Buildings	5,591,040	4,630,746		116,491			5,707,531	-950,294	-950,294		-186,368	-1,146,662	4,560,870
	<b>5,591,040</b>	<b>4,630,746</b>		<b>116,491</b>			<b>-5,707,531</b>	<b>-950,294</b>			<b>-186,368</b>	<b>-1,146,662</b>	<b>4,560,870</b>
<b>COMMUNITY ASSETS</b>													
Arts & Crafts	2,289,912	1,866,614		1,188,549			2,289,912	-423,299			-76,330	-499,629	1,790,283
Cemetery	3,138,739	159,230	253,486	232,859			1,188,549	-401,413			-99,897	-501,310	1,188,548
Crèche	2,823,119	2,529,974					3,635,083	-283,144			-94,104	-387,248	3,133,773
Halls	1,006,000	804,823					2,823,119	-201,177			-33,533	-284,710	2,436,870
Library	1,276,252	1,145,787					1,006,000	-130,465			-42,542	-173,007	771,290
Market Stall							1,276,252						
Sportsfield													
	<b>10,534,022</b>	<b>6,606,427</b>	<b>253,486</b>	<b>1,421,407</b>			<b>12,218,915</b>	<b>-1,449,498</b>			<b>-346,407</b>	<b>-1,796,905</b>	<b>10,423,010</b>
<b>HERITAGE ASSET</b>													
Heritage	676,880	676,880			-676,880								
	<b>676,880</b>	<b>676,880</b>			<b>-676,880</b>								
<b>INFRASTRUCTURE</b>													
Electricity	6,033,499	55,263	578,029	4,143,599			10,755,128	-5,371,551			-2,151	-2,151	10,752,976
Roads	36,504,403	31,132,852	5,985,167	10,151,289			52,640,858	-322,004		-2,396,286	-2,202,508	-9,970,345	42,670,514
Stormwater	322,004	270,566					322,004	-51,418			-10,733	-62,151	259,852
	<b>42,859,906</b>	<b>31,458,701</b>	<b>6,563,196</b>	<b>14,294,888</b>			<b>63,717,990</b>	<b>-5,422,969</b>		<b>-2,396,286</b>	<b>-2,215,393</b>	<b>-10,034,647</b>	<b>53,683,343</b>
<b>INTANGIBLE ASSETS</b>													
Intangible Assets	22,089	17,082					22,089	-5,007			-7,363	-12,370	9,719
	<b>22,089</b>	<b>17,082</b>					<b>22,089</b>	<b>-5,007</b>			<b>-7,363</b>	<b>-12,370</b>	<b>9,719</b>
<b>INVESTMENT PROPERTY</b>													
Investment Property	300,000	253,866	43,882				343,882	-46,134			-20,489	-66,623	277,259
	<b>300,000</b>	<b>253,866</b>	<b>43,882</b>				<b>343,882</b>	<b>-46,134</b>			<b>-20,489</b>	<b>-66,623</b>	<b>277,259</b>
<b>LANDFILL SITE</b>													
Landfill Site	250,000	250,000					250,000						250,000
	<b>250,000</b>	<b>250,000</b>					<b>250,000</b>						<b>250,000</b>
<b>LAND</b>													
Vacant Land					1,738,000		1,738,000						1,738,000
					<b>1,738,000</b>		<b>1,738,000</b>						<b>1,738,000</b>
<b>LEASED ASSETS</b>													
Leased Assets	886,530	493,156					886,530	-393,374		37,687	-245,945	-601,652	284,898
	<b>886,530</b>	<b>493,156</b>					<b>886,530</b>	<b>-393,374</b>		<b>37,687</b>	<b>-245,945</b>	<b>-601,652</b>	<b>284,898</b>
<b>OTHER ASSETS</b>													
Computer equipment	868,878	240,713	40,352				572,321	-620,660		219	-94,010	-398,880	173,431
Furniture & Fittings	1,230,425	605,263					1,166,335	-730,304		46,159	-191,577	-828,107	336,238
Office equipment	428,491	97,198	69,650				478,583	-218,623		4,970	-33,601	-227,696	250,886
Plant & equipment	3,954,668	2,722,064	8,215				3,513,083	-1,247,638		-28,836	-245,237	-1,329,332	2,183,751
Vehicles	3,087,866	1,051,984					1,565,160	-2,035,882		1,376,702	-172,667	-831,847	837,313
	<b>9,570,328</b>	<b>4,717,221</b>	<b>118,216</b>				<b>7,399,482</b>	<b>-4,953,107</b>		<b>25,988</b>	<b>-737,092</b>	<b>-3,615,872</b>	<b>3,783,610</b>
	<b>70,690,795</b>	<b>49,004,090</b>	<b>6,988,780</b>	<b>15,832,787</b>	<b>1,061,120</b>	<b>-2,289,062</b>	<b>92,284,419</b>	<b>-13,130,383</b>	<b>1,948,359</b>	<b>-2,392,631</b>	<b>-3,759,057</b>	<b>-17,273,711</b>	<b>76,010,708</b>

INDAKA LOCAL MUNICIPALITY  
APPENDIX C  
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2014

	Sum of Carrying Value 2012/2013	Transfers	Sum of Carrying Value 2012/2013	Sum of Carrying Value 2012/2013	Assets transferred Prior year error	Re-stated Assets at cost 30 June 2013	Sum of Acquisitions 2013/2014	Sum of Capital Under Construction 2013/2014	Sum of Disposals 2013/2014	Sum of Closing Balance Assets 2013/2014	Sum of Operating Balance Accum Depre. 01/07/2013	Sum of Operating Balance Accum Depre. 01/07/2013	Sum of Change in Accounting estimates, 2013/2014	Sum of Disposals 2013/2014	Sum of Closing Balance Accumulated Depreciation 2013/2014	Sum of Carrying Value 2013/2014
BUDGET & TREASURY	274,172	7,117	281,289	807,861	807,861	807,861	303,043	110,197	(34,587)	1,110,604	(526,572)	(526,572)	1,178	5,818	(875,761)	435,143
COMMUNITY SERVICES	10,455,268	9,584	10,464,873	12,287,604	12,287,604	12,287,604	1,205,892	110,197	(34,587)	13,569,207	(1,833,958)	(1,833,958)	(459,430)	5,818	(2,276,352)	11,282,855
CORPORATE SERVICES	6,290,520	(14,885)	6,275,635	8,188,424	9,228,544	9,228,544	891,371	524,003		10,120,914	(1,998,390)	(1,892,789)	(486,024)		(2,389,623)	7,731,292
ELECTRICITY	10,752,976	0	10,752,976	10,755,128	10,755,128	10,755,128	1,028,223			12,305,354	(2,151)	(2,151)	(486,732)		(468,653)	11,836,500
EXECUTIVE & COUNCIL	203,864	14,437	218,401	914,800	914,800	914,800	21,382			936,182	(696,399)	(696,399)	(89,419)		(781,628)	154,556
HOUSING	10,456	(9,585)	873	23,144	23,144	23,144				23,144	(22,271)	(22,271)	(281)		(22,562)	562
PLANNING & DEVELOPMENT	66,344	(3,753)	62,591	125,676	125,676	125,676	9,615,733			125,676	(71,066)	(71,066)	789		(86,869)	38,808
ROAD TRANSPORT	45,803,897	(2,906)	45,800,991	581,406,613	581,406,613	581,406,613	13,063,742	9,936,148		77,692,542	(12,239,700)	(12,239,700)	661	5,818	(20,372,033)	57,320,510
	73,949,589	(0)	73,949,589	91,223,298	1,061,120	92,284,418	13,063,742	10,370,349	(34,587)	115,883,923	(17,273,708)	(17,273,708)	6,830	5,818	(27,073,677)	88,810,247



**INDAKA LOCAL MUNICIPALITY**

**APPENDIX E (1)**

**APPENDIX E(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014**

	Budget 2014	Actual 2014	Variance 2014	Variance 2014	Explanation of significant Variance greater than 10% versus Budget
R	R	R	R	%	
<b>REVENUE</b>					
Property rates	(2 233 603)	(2,189,186)	( 44 417)	1.99%	N/A
Service charges	(220,000)	(221,852)	1 852	-0.84%	N/A
Rental of facilities and equipment	(78,398)	(102,952)	24 554	-31.32%	N/A
Interest earned - external investments	(2,850,000)	(3,876,256)	1,026,256	-36.01%	Due to strict expenditure control applied through the administrator. It resulted that more
Government grants and subsidies	(101,725,395)	(89,837,260)	( 11 888 135)	11.69%	includes surplus money were available for investents.
Other income	(75,000)	(113,366)	38,366	-51.15%	Due to a large amount of capital tenders a huge volume of tender documents were sold.
<b>Total Revenue</b>	<b>( 107 182 396)</b>	<b>( 96 340 872)</b>	<b>( 10 841 524)</b>		
<b>EXPENDITURE</b>					
Employee related costs	11 965 652	9 256 777	2 708 875	22.64%	Due to vacant posts that was budgeted and not filled.
Remuneration of councillors	5 414 941	5 125 489	289 452	5.35%	N/A
Debt impairment	700 000	619 003	80 997	11.57%	N/A
Depreciation & asset impairment	8 690 000	9 805 786	( 1 115 786)	-12.84%	Under budgeted
Finance charges	195 000	213 962	( 18 962)	-9.72%	N/A
Contracted services	4 285 000	5 049 968	( 764 968)	-17.85%	Due to certain services that was not required and utilised by the Municipality
Other expenditure	23 818 180	13,031,187	10 786 993	45.29%	Due to strict expenditure control applied through the administrator.
<b>Total Expenditure</b>	<b>55 068 773</b>	<b>43 102 173</b>	<b>11 966 600</b>		
<b>NET (SURPLUS)/ DEFICIT FOR THE YEAR</b>	<b>( 52 113 623)</b>	<b>( 53 238 699)</b>	<b>1 125 076</b>		



INDAKA LOCAL MUNICIPALITY

APPENDIX E(2) : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2014

	2014		2014		2014		2014		2014		2014	
	Actual R	Under Construction R	Total Additions R	Budget R	Variance R	Variance %	Explanation of Significant Variances Greater than 5% versus Budget					
EXECUTIVE AND COUNCIL	21 382	-	21 382	-	( 21 382)	-100%	Budget was provided in a different department due to classification.					
CORPORATE	891 371	-	891 371	434 000	( 457 371)	-105%	The office building (R596,507) was budgeted under Technical , vacant land included in the asset register.					
TECHNICAL	10 821 725	10 570 349	21 392 074	51 390 526	29 998 452	58%	Budget was provided in a different department due to classification.					
FINANCE	303 043	-	303 043	250 000	( 53 043)	-21%	Budget was provided in a different department due to classification.					
	<b>12 037 521</b>	<b>10 570 349</b>	<b>22 607 870</b>	<b>52 074 526</b>	<b>29 466 657</b>							

INDAKA LOCAL MUNICIPALITY

APPENDIX F

DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003

Name of Grants	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2013/2014 financial statements	Grants and Subsidies delayed/ withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework of Revenue Act	Reason for non-compliance
	July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
ECUITABLE SHARE	0	0	0	0	0	0	0	0	0	0	0	No	N/A	Yes	N/A
LUMS GRANT	1,112	0	0	0	1,112	0	0	0	0	1,112	0	No	N/A	Yes	N/A
DESA FEASIBILITY STUDY	92,907	0	0	0	92,907	0	0	0	0	92,907	0	No	N/A	Yes	N/A
INTERDEPARTMENTAL PLANNING	31,700	0	0	0	31,700	0	0	0	0	31,700	0	No	N/A	Yes	N/A
FINANCE MANAGEMENT GRANT	172,892	0	0	0	172,892	0	0	0	0	172,892	0	No	N/A	Yes	N/A
FINANCE MANAGEMENT GRANT 2013/2014	289,425	0	0	0	289,425	0	0	0	0	289,425	0	No	N/A	Yes	N/A
MSIG RESERVES	890,000	0	0	0	890,000	0	0	0	0	890,000	0	No	N/A	Yes	N/A
MSIG RESERVES -UTHUKELA	56,126	0	0	0	56,126	0	0	0	0	56,126	0	No	N/A	Yes	N/A
M/G	1,053,330	0	0	0	1,053,330	0	0	0	0	1,053,330	0	No	N/A	Yes	N/A
M/G.2012/2013	5,967,065	0	0	0	5,967,065	0	0	0	0	5,967,065	0	No	N/A	Yes	N/A
M/G.2013/2014	671,219	0	0	0	671,219	0	0	0	0	671,219	0	No	N/A	Yes	N/A
ERADICATION OF BUCKET SYSTEM	80,702	0	0	0	80,702	0	0	0	0	80,702	0	No	N/A	Yes	N/A
BACKLOG INFRASTRUCTURE RESERVE	1,427,561	0	0	0	1,427,561	0	0	0	0	1,427,561	0	No	N/A	Yes	N/A
ELECTRIFICATION	0	0	0	0	0	0	0	0	0	0	0	No	N/A	Yes	N/A
EPWP	0	0	0	0	0	0	0	0	0	0	0	No	N/A	Yes	N/A
	9,844,128	33,201,000	35,872,000	25,119,116	94,192,116	18,468,492	21,725,030	23,008,433	28,812,430	91,214,376	12,821,870				

