

The Acting Accounting Officer Mhlontlo Local Municipality P.O. Box 31 Qumbu 5180

28 January 2015

Reference: 18254REG13-14

Dear Sir

With reference to Annexure A of Circular No. 72 (Municipal Budget Circular for the 2014/15 MTREF), please find enclosed the following stamped documents:

- Statement of Financial Position;
- Statement of Financial Performance;
- · Statement of Changes in Net Assets; and
- Cash Flow statement

Yours sincerely

Ingrid Harris

Senior Manager: Eastern Cape

Enquiries: Ingrid Harris Telephone: (043) 709 7200

Statement of Financial Position as at 30 June 2014

Notes R R R			2014	2013 Restated*
Current Assets Receivables from exchange transactions Receivables from exchange transactions Receivables from exchange transactions Receivables from non-exchange transactions Receivables from non-exchange transactions Receivable Receiva	St	Notes	R	R
Receivables from exchange transactions 2 - 3,362 Receivables from non-exchange transactions 3 6,992,338 801,911 VAT receivable 4 727,498 1,517,788 Consumer debtors 5 2,532,868 2,319,055 Cash and cash equivalents 6 2,361,357 35,140,912 Table 14,061 39,783,028 Non-Current Assets Investment property 7 27,442,135 27,442,135 Property, plant and equipment 8 126,050,242 99,888,87 Intangible assets 9 1,308,352 1,030,806 Heritage assets 10 119,400 119,400 Total Assets Liabilities Current Liabilities Employee benefit obligation 11 16,689,960 2,570,777 Provisions 14 3,800,000 790,000 Provisions 14 3,800,000 790,000 27,563,649 19,647,675 Non-Current Liabilities Provisions 14 4	Assets			
Receivables from non-exchange transactions	Current Assets			
VAT receivable 4 727,498 1,517,788 Consumer debtors 5 2,532,868 2,319,055 Cash and cash equivalents 6 2,361,357 35,140,912 12,614,061 39,783,028 Non-Current Assets Investment property 7 27,442,135 27,442,135 Property, plant and equipment intrangible assets 9 1,308,352 1,030,808 Heritage assets 9 1,308,352 1,030,808 Heritage assets 10 119,400 119,400 119,400 119,400 119,400 119,400 154,920,129 128,481,214 100,400 119,400 119,400 154,920,129 128,481,214 100,400 119,400 119,400 119,400 154,920,129 128,481,214 100,400 119,400 11	Receivables from exchange transactions	2	-	3,362
Consumer debtors 5 2,532,868 2,319,055 Cash and cash equivalents 6 2,361,357 35,140,912 Non-Current Assets Investment property 7 27,442,135 27,442,135 Property, plant and equipment 8 126,050,242 99,888,87 Intangible assets 9 1,308,352 1,030,806 Heritage assets 10 119,400 119,400 Total Assets 167,534,190 168,264,242 Current Liabilities Bank overdraft 6 352,104 Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,562 Unspent conditional grants and receipts 13 2,010,663 12,697,333 Provisions 14 3,800,000 790,000 Non-Current Liabilities 27,563,649 19,647,679 Non-Current Liabilities 31,908,321 23,742,563 Non-Current Liabilities 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 <td>Receivables from non-exchange transactions</td> <td>3</td> <td>6,992,338</td> <td>801,911</td>	Receivables from non-exchange transactions	3	6,992,338	801,911
Cash and cash equivalents 6 2,361,357 35,140,912 Non-Current Assets 12,614,061 39,783,026 Investment property 7 27,442,135 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235 27,42,235	VAT receivable	0.000		1,517,788
Non-Current Assets	Consumer debtors		2,532,868	2,319,055
Non-Current Assets Investment property Property, plant and equipment Provisions Provi	Cash and cash equivalents	6	2,361,357	35,140,912
Property 7 27,442,135 27,442,145 2			12,614,061	39,783,028
Property, plant and equipment 8 126,050,242 99,888,87 Intangible assets 9 1,308,352 1,030,808 Heritage assets 10 119,400 119,400 154,920,129 128,481,214 167,534,190 168,264,242 Liabilities 352,104 Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,333 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities 4,344,672 4,094,88 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Non-Current Assets			
Intangible assets 9	Investment property	7	27,442,135	27,442,135
Heritage assets 10 119,400 119,400 119,400 154,920,129 128,481,214 167,534,190 168,264,242 167,534,190 168,264,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264,264 167,264 167,264 167,264 167,264 167,264 167,264 167,264 167,264 167,264 167,264	Property, plant and equipment	8	126,050,242	99,888,871
Total Assets 154,920,129 128,481,214 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 167,534,190 168,264,242 17,568,960 17,577,777 17,577,777 17,577,777 17,577,777 17,577,777,777 17,577 17,577 17,	Intangible assets	9	1,308,352	1,030,808
Total Assets Liabilities Current Liabilities Bank overdraft Payables from exchange transactions Employee benefit obligation Unspent conditional grants and receipts Provisions Non-Current Liabilities Provisions 14 4,344,672 4,094,884 Total Liabilities Net Assets 167,534,190 168,264,242 168,264,242 167,534,190 168,264,242 168,264,242 167,534,190 168,264,242 17,668,960 2,570,777 17,668,960 12,670,777 18,689,960 2,570,777	Heritage assets	10	119,400	119,400
Liabilities Current Liabilities 6 352,104 Bank overdraft 6 352,104 Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,339 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679			154,920,129	128,481,214
Current Liabilities Bank overdraft 6 352,104 Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,339 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Total Assets		167,534,190	168,264,242
Bank overdraft 6 352,104 Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,339 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Liabilities			
Payables from exchange transactions 11 16,689,960 2,570,777 Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,339 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Current Liabilities			
Employee benefit obligation 12 4,710,922 3,589,563 Unspent conditional grants and receipts 13 2,010,663 12,697,333 Provisions 14 3,800,000 790,000 27,563,649 19,647,673 Non-Current Liabilities Provisions 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,675	Bank overdraft	(3)	0.00 m.0000 m.m.m.m.m.	-
Unspent conditional grants and receipts 13 2,010,663 12,697,338 Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities Provisions 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679				
Provisions 14 3,800,000 790,000 27,563,649 19,647,679 Non-Current Liabilities Provisions 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	, , ,			
Non-Current Liabilities Provisions 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679				
Non-Current Liabilities 14 4,344,672 4,094,884 Provisions 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Provisions	14		790,000
Provisions 14 4,344,672 4,094,884 Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,673			27,563,649	19,647,679
Total Liabilities 31,908,321 23,742,563 Net Assets 135,625,869 144,521,679	Non-Current Liabilities			
Net Assets 135,625,869 144,521,679	Provisions	14	4,344,672	4,094,884
	Total Liabilities			23,742,563
Accumulated surplus135,625,869 144,521,675	Net Assets		135,625,869	144,521,679
	Accumulated surplus		135,625,869	144,521,679

AUDITOR - GENERAL SOUTH AFRICA

28 JAN 2015

Statement of Financial Performance

		2014	2013 Restated*
	Notes	R	R
Revenue			
Revenue from exchange transactions			
Service charges	15	568,071	565,712
Rental of facilities and equipment		69,764	63,683
Licences and permits	40	1,141,491	1,123,927
Other income	16	1,919,978	2,171,667
Interest received - investment	17	2,157,714	2,314,276
Total revenue from exchange transactions		5,857,018	6,239,265
Revenue from non-exchange transactions			
Taxation revenue	40		
Property rates	18	7,608,225	7,269,648
Transfer revenue	40		
Government grants and subsidies	19	159,964,759	138,012,981
Other revenue			
Fines		183,379	150,880
Commission received		12,350	47,712
Total revenue from non-exchange transactions		167,768,713	145,481,221
Total revenue		173,625,731	151,720,486
Expenditure			
Personnel	20	(60,980,840)	(51,307,156)
Remuneration of councillors	21	(13,630,791)	(13,315,986)
Depreciation and amortisation	22	(15,779,889)	(11,239,112)
Finance costs	23	(30,239)	(151,169)
Debt impairment	24	(1,719,939)	(989,399)
Repairs and maintenance		(5,893,871)	(2,423,128)
Contracted services	25	(2,788,135)	(1,896,100)
Operating grant expenditure	26		(20,599,589)
Loss on disposal of assets		(161,053)	(46,534)
General Expenses	27		(34,111,344)
Operating lease	27	(716,640)	,
Interest on Landfill site		(226,794)	(213,022)
Total expenditure		(182,521,541)	
Operating (deficit) / surplus		(8,895,810)	
(Deficit) / surplus for the year		(8,895,810)	14,742,173

AUDITOR - GENERAL SOUTH AFRICA

2-8 JAN 2015

Statement of Changes in Net Assets

	Accumulated surplus R	Total net assets R
	127,588,299	127,588,299
35	2,191,207	2,191,207
	129,779,506	129,779,506
	14,742,173	14,742,173
	14,742,173	14,742,173
	144,521,679	144,521,679
	(8,895,810)	(8,895,810)
	(8,895,810)	(8,895,810)
	135,625,869	135,625,869
	35	surplus R 127,588,299 35 2,191,207 129,779,506 14,742,173 14,742,173

AUDITOR - GENERAL SOUTH AFRICA

2-8 JAN 2015

Cash Flow Statement

Notes R Cash flows from operating activities Receipts 7,858,924 Grants 159,965,135 1 Interest income 2,157,714 2,157,714 Other receipts 3,326,962 173,308,735 1 Payments Employee costs (74,611,630) (89,418,667) (89,418,	2013	2014		
Receipts Sale of goods and services 7,858,924 Grants 159,965,135 1.15,7714 Interest income 2,157,714 3,326,962 T73,308,735 1 Payments Employee costs (74,611,630) (89,418,667) Suppliers (89,418,667) (30,239) Finance costs (30,239) (164,060,536)(1 Net cash flows from operating activities 29 9,248,199 Cash flows from investing activities 29 9,248,199 Cash flows from investing activities (41,795,733) (684,125) Net cash flows from investing activities (42,379,858) (42,379,858)	Restated* R	R	Notes	
Sale of goods and services 7,858,924 Grants 159,965,135 1 Interest income 2,157,714 3,326,962 Other receipts 173,308,735 1 Payments Employee costs (74,611,630) (89,418,667) Suppliers (89,418,667) (164,060,536) Finance costs (164,060,536) (1 Net cash flows from operating activities 29 9,248,199 Cash flows from investing activities 8 (41,795,733) (9 Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (42,379,858)				Cash flows from operating activities
Sale of goods and services 7,858,924 Grants 159,965,135 1 Interest income 2,157,714 3,326,962 Other receipts 173,308,735 1 Payments Employee costs (74,611,630) (89,418,667) Suppliers (89,418,667) (164,060,536) Finance costs (164,060,536) (1 Net cash flows from operating activities 29 9,248,199 Cash flows from investing activities 8 (41,795,733) (9 Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (42,379,858)				Receipts
Interest income	10,079,553	7,858,924		
Other receipts 3,326,962 173,308,735 1 Payments Employee costs (74,611,630) (Suppliers (89,418,667) (Finance costs (30,239) (164,060,536)(1 Net cash flows from operating activities 29 Purchase of property, plant and equipment 8 (41,795,733) (Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (40,077,416	159,965,135		Grants
Payments	2,314,278	2,157,714		Interest income
Payments Employee costs (74,611,630) (Suppliers (89,418,667) ((30,239) (164,060,536)(1) Net cash flows from operating activities 29 9,248,199 Cash flows from investing activities Purchase of property, plant and equipment Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (3,557,869	3,326,962		Other receipts
Employee costs Suppliers Finance costs (89,418,667) ((89,418,667) ((30,239) ((164,060,536)(1) Ret cash flows from operating activities Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities (41,795,733) ((584,125) ((42,379,858) (56,029,116	173,308,735		
Employee costs Suppliers Finance costs (89,418,667) ((89,418,667) ((30,239) ((164,060,536)(1) Ret cash flows from operating activities Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities (41,795,733) ((584,125) ((42,379,858) (Payments
Suppliers Finance costs (89,418,667) ((30,239) (164,060,536)(1) Net cash flows from operating activities Cash flows from investing activities Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities (41,795,733) ((584,125) (42,379,858) (64,623,142	(74,611,630)		#4
Net cash flows from operating activities Cash flows from investing activities Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities (41,795,733) ((584,125) (42,379,858) (Suppliers
Net cash flows from operating activities Cash flows from investing activities Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities 29 9,248,199 (41,795,733) ((584,125) (42,379,858) ((151,169	(30,239)		Finance costs
Cash flows from investing activities Purchase of property, plant and equipment 8 (41,795,733) (Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (14,382,158	(164,060,536)(
Purchase of property, plant and equipment Purchase of other intangible assets Net cash flows from investing activities 8 (41,795,733) (9 (584,125) (42,379,858) (41,646,958	9,248,199	29	Net cash flows from operating activities
Purchase of other intangible assets 9 (584,125) Net cash flows from investing activities (42,379,858) (Cash flows from investing activities
Net cash flows from investing activities (42,379,858) ((20,135,829	(41,795,733)	8	Purchase of property, plant and equipment
	(440,780	(584,125)	9	Purchase of other intangible assets
	(20,576,609	(42,379,858)		Net cash flows from investing activities
Net increase/(decrease) in cash and cash equivalents (33,131,659)	21,070,349	(33,131,659)		Net increase/(decrease) in cash and cash equivalents
	14,070,562			
Cash and cash equivalents at the end of the year 6 2,009,253	35,140,911	2,009,253	6	Cash and cash equivalents at the end of the year

AUDITOR - GENERAL SOUTH AFRICA

2 8 JAN 2015