

**Capricorn District Municipality**  
**Audited Annual financial statements**  
for the year ending 30 June 2014

---

Province: Limpopo  
AFS rounding: R (i.e. only cents)

<b>Contact Information:</b>	
<b>Name of Municipal Manager:</b>	Ngoako Molokomme
<b>Name of Chief Financial</b>	Mr Naazim Essa
Contact telephone number:	015 294 1000
Contact e-mail address:	<a href="mailto:essan@cdm.org.za">essan@cdm.org.za</a>
<b>Name of contact at provincial</b>	Youlyna Buys
Contact telephone number:	082 373 7008
Contact e-mail address:	<a href="mailto:BuysIY@treasury.limpopo.gov.za">BuysIY@treasury.limpopo.gov.za</a>
<b>Name of relevant Auditor:</b>	AGSA
Contact telephone number:	(015) 283 9300
Contact e-mail address:	<a href="mailto:hvanderwesthuizen@agsa.co.za">hvanderwesthuizen@agsa.co.za</a>
<b>Name of contact at National</b>	Obrey Nekhavhambe
Contact telephone number:	<a href="tel:0123155867">012 315 5867</a>
Contact e-mail address:	<a href="mailto:Obrey.Nekhavhambe@treasury.gov.za">Obrey.Nekhavhambe@treasury.gov.za</a>

**Capricorn District Municipality**  
**Audited Annual financial statements**  
for the year ending 30 June 2014

---

**Members of the Council**

Mapoulo ML	<b>Mayor</b>
Lekganyane L	<b>Speaker</b>
Baloyi H	<b>Chief Whip</b>
Boloka P	Member of the Executive Committee
Dandane G	Member of the Executive Committee
Kgare B	Member of the Executive Committee
Mashangoane P	Member of the Executive Committee
Masoga C	Member of the Executive Committee
Moropa J	Member of the Executive Committee
Tsheola G	Member of the Executive Committee
Vilankulu J	Member of the Executive Committee
Leshilo MS	Chairperson : Corporate Services Portfolio Committee
Matlou JM	Chairperson : Infrastructure Services
Matsaung M	Chairperson : Community Services Portfolio Committee
Sebone J	Chairperson : Strategic Executive Management Services Portfolio Committee
Sello MJ	Chairperson : Finance Portfolio Committee
Seokotsa MM	Chairperson : Corporate Services Portfolio Committee
Tawana MP	Chairperson : Development Planning and Environmental Management Services
Tsoai ME	Chairperson : Municipal Public Accounts Committee
Botha AH	Member
Chauke HE	Member
Cholo SS	Member
Kganyago MW	Member
Kgatla KE	Member
Lediga MA	Member
Maja MJ	Member
Makgalo NG	Member
Mamabolo SN	Member
Manong MA	Member
Manthata TW	Member
Mashilo GM	Member - Effective 25 April 2014
Mathidza SE	Member
Mehlape QN	Member
Mkohliswa S	Member
Mohale MM	Member
Mokaba MP	Member - Deceased December 2013
Mokgehle PS	Member
Molatjane ML	Member
Monyetshwale SJ	Member
Morwana MH	Member
Motsoku MD	Ceased to hold office and was replaced by Councillor Maleboho MG
Mphahlele MR	Member
Ntsoane MA	Member
Racheku MR	Member - Deceased in May 2014
Raletjena MJ	Member
Ramalla TA	Member

**Capricorn District Municipality**  
**Audited Annual financial statements**  
for the year ending 30 June 2014

---

**Members of the Council**

Seakamela NW	Member
Sedibane MJ	Member
Seduma MD	Member
Semenya RA	Member
Setjie ND	Member
Sono MMP	Member

**Municipal Manager**

Molokomme N

**Chief Financial Officer**

Essa N

**Grading of Local Authority**

Category B - Grade 5

**Auditors**

Auditor-General

**Bankers**

FNB (Primary bank account)

**Registered Office:** Capricorn District Municipality

**Physical address:** 41 Biccard Street  
Polokwane  
0700

**Postal address:** PO Box 4100  
Polokwane  
0700

**Telephone number:** 015 294 1000

**Fax number:** 015 291 4297

**E-mail address:** [info@cdm.org.za](mailto:info@cdm.org.za)

**Approval of annual financial statements**

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

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

---

**Municipal Manager**

*DATE*

**Capricorn District Municipality**  
**Audited Annual financial statements**  
for the year ending 30 June 2014

---

<b>Index</b>	<b>Page</b>
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9-10
Accounting Policies	11-27
Notes to the Annual Financial Statements	28-73
Appendix A: Analysis of Property, Plant and Equipment	74-75

**Capricorn District Municipality**  
**Statement of financial position**  
as at 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	1	292 586 938	254 253 935
Receivables from exchange transactions	2	23 580 088	10 040 197
Inventories	3	7 115 978	4 248 562
Prepayments	4	2 058 536	10 958
VAT receivable	5	19 811 044	26 614 942
		<u>345 152 583</u>	<u>295 168 594</u>
<b>Non-current assets</b>			
c vx	6	1 495 014 598	1 329 713 982
Intangible assets	7	3 159 350	3 758 972
		<u>1 498 173 947</u>	<u>1 333 472 954</u>
<b>Total assets</b>		<b><u>1 843 326 530</u></b>	<b><u>1 628 641 547</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables from exchange transactions	9	113 229 544	100 329 714
Current provisions	10	14 427 243	14 025 396
Current portion of unspent conditional grants and receipts	11	130 615 245	107 168 447
Current portion of finance lease liability	12	1 325 118	1 104 875
		<u>259 597 150</u>	<u>222 628 431</u>
<b>Non-current liabilities</b>			
Non-current portion of finance lease liability	12	2 646 232	-
Non-current provisions	13	23 333 716	20 461 557
		<u>25 979 948</u>	<u>20 461 557</u>
<b>Total liabilities</b>		<b><u>285 577 098</u></b>	<b><u>243 089 988</u></b>
<b>Net assets</b>		<b><u>1 557 749 432</u></b>	<b><u>1 385 551 559</u></b>
<b>NET ASSETS</b>			
Accumulated surplus / (deficit)		1 557 749 432	1 385 551 559
<b>Total net assets</b>		<b><u>1 557 749 432</u></b>	<b><u>1 385 551 559</u></b>

<sup>1</sup> Comparative restated: see note 37 for more details

**Capricorn District Municipality**  
**Statement of financial performance**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>Revenue from exchange transactions</b>	14		
Service charges		36 033 006	29 853 592
Interest earned - outstanding receivables		3 093 261	5 443 619
Interest earned - external investments		20 153 761	17 967 647
Other income		873 355	2 187 929
		60 153 384	55 452 786
<b>Revenue from non-exchange transactions</b>	15		
Government grants and subsidies		628 966 271	670 157 485
Other income		17 163 121	35 903 633
		646 129 392	706 061 118
<b>Total revenue</b>		<b>706 282 776</b>	<b>761 513 904</b>
<b>Expenses</b>			
Employee related costs	16	198 395 596	177 201 183
Remuneration of councillors	17	10 899 977	9 094 273
Debt impairment	2.1	24 623 705	52 539 917
Commission paid	18	14 502 563	9 564 291
Depreciation and amortisation expense	19	43 262 258	40 648 549
Derecognition of assets	20	714 448	11 751 049
Repairs and maintenance		57 626 321	18 633 400
Finance costs	21	511 055	310 692
Bulk purchases	22	49 930 863	44 310 716
Grants and subsidies paid	23	-	7 985 645
General expenses	31	135 225 310	132 052 093
<b>Total expenses</b>		<b>535 692 094</b>	<b>504 091 807</b>
Gain / (loss) on disposal of assets		(754 353)	(700 801)
(Impairment loss)/reversal of impairment loss	6.1	2 851 214	(14 938 090)
(Write-down)/reversal of write-down to net realisable value		-	(3 965)
Gain / (loss) on actuarial adjustment	24	(489 670)	968 939
<b>Surplus for the period</b>		<b>172 197 873</b>	<b>242 748 180</b>

<sup>1</sup> Comparative restated: see note 37 for more details

**Capricorn District Municipality**  
**Statement of changes in net assets**  
as at 30 June 2014

		<b>Revaluation Reserve</b>	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total: Net Assets</b>
	<b>Note</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Balance as at June 2012</b>		-	1 356 570 135	1 356 570 135
Accounting errors	37	-	(213 766 755)	(213 766 755)
<b>Restated balance as at June 2012</b>		-	<b>1 142 803 380</b>	1 142 803 380
Surplus for the period restated		-	242 748 180	242 748 180
Accounting errors	37	-	3 423 267	3 423 267
Surplus for the period as previously reported		-	239 324 913	239 324 913
<b>Restated balance as at June 2013</b>		-	<b>1 385 551 559</b>	<b>1 385 551 559</b>
Surplus / (deficit) for the period		-	172 197 873	172 197 873
<b>Balance as at June 2014</b>		-	<b>1 557 749 432</b>	<b>1 557 749 432</b>



Capricorn District Municipality

**CASH FLOW STATEMENT**

as at 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>678 047 969</b>	<b>708 468 335</b>
Grants		652 413 069	664 463 848
Interest received		23 247 022	23 411 266
Other receipts		2 387 878	20 593 220
<b>Payments</b>		<b>(437 336 590)</b>	<b>(460 233 014)</b>
Employee costs		(206 021 566)	(178 092 968)
Suppliers		(230 803 969)	(281 829 354)
Interest paid		(511 055)	(310 692)
<b>Net cash flows from operating activities</b>	26	<b>240 711 379</b>	<b>248 235 320</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (PPE)		(201 397 141)	(251 997 693)
Purchase of intangibles		(312 421)	(1 564 933)
Proceeds/(Deficit) on disposal of assets		702 100	779 502
<b>Net cash flows from investing activities</b>		<b>(201 007 462)</b>	<b>(252 783 124)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of finance lease liability		(1 370 914)	(2 491 464)
<b>Net cash flows from financing activities</b>		<b>(1 370 914)</b>	<b>(2 491 464)</b>
<b>Net increase/(decrease) in net cash and cash equivalents</b>		<b>38 333 003</b>	<b>(7 039 267)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>254 253 935</b>	<b>261 293 202</b>
<b>Net cash and cash equivalents at end of period</b>	1	<b>292 586 938</b>	<b>254 253 935</b>

**Capricorn District Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ending 30 June 2014

Description	Actual 2013	Original Budget	Budget	Virement	Final Budget	Actual Income / Expense	Variance	Actual	Actual
			Adjustments	(i.t.o. Council				outcome	outcome
			(i.t.o. s28 & s31	Approved				As % Of	As % Of
			Of The MFMA)	By-law)				Final	Original
			R	R	R	R	R	Budget	Budget
								R	R
<b>Financial Performance</b>									
Service Charges	29 853 592	46 140 550	(18 248 500)	-	27 892 050	36 033 006	(8 140 956)	129%	78%
Investment Revenue	17 967 647	18 376 000	(776 000)	-	17 600 000	20 153 761	(2 553 761)	115%	110%
Transfers Recognised	670 157 485	428 340 505	58 829 117	6 849 565	494 019 187	628 966 271	(134 947 084)	127%	147%
Other Own Revenue	7 631 548	42 343 800	(12 076 837)	-	30 266 963	21 129 737	9 137 226	70%	50%
<b>Total Revenue</b>	<b>725 610 271</b>	<b>535 200 855</b>	<b>27 727 780</b>	<b>6 849 565</b>	<b>569 778 200</b>	<b>706 282 776</b>	<b>(136 504 576)</b>	<b>124%</b>	<b>132%</b>
Employee related costs	177 201 183	216 687 600	(11 191 225)	-	205 496 375	198 395 596	7 100 779	97%	92%
Remuneration of councillors	9 094 273	7 896 000	1 770 000	-	9 666 000	10 899 977	(1 233 977)	113%	138%
Debt impairment	52 539 917	31 507 505	(3 615 455)	-	27 892 050	24 623 705	3 268 345	88%	78%
Depreciation and amortisation	40 648 549	100 418 900	(20 527 500)	400	79 891 800	43 976 706	35 915 094	55%	44%
Finance costs	310 692	454 700	-	-	454 700	511 055	(56 355)	112%	112%
Bulk purchases	44 310 716	55 000 000	(6 000 000)	961 000	49 961 000	49 930 863	30 137	100%	91%
General expenses	174 923 700	223 655 450	46 764 460	5 888 165	276 308 075	205 747 003	70 561 072	74%	92%
<b>Total Expenditure</b>	<b>499 029 030</b>	<b>635 620 155</b>	<b>7 200 280</b>	<b>6 849 565</b>	<b>649 670 000</b>	<b>534 084 903</b>	<b>115 585 097</b>	<b>82%</b>	<b>84%</b>
<b>Surplus/(Deficit)</b>	<b>226 581 241</b>	<b>(100 419 300)</b>	<b>20 527 500</b>	<b>-</b>	<b>(79 891 800)</b>	<b>172 197 873</b>	<b>(252 089 673)</b>	<b>-216%</b>	<b>-171%</b>
Transfers Recognised - Capital	(216 379 860)	-	-	-	-	(168 005 457)	(168 005 457)	100%	100%
<b>Surplus/(Deficit) For The Year</b>	<b>10 201 381</b>	<b>(100 419 300)</b>	<b>20 527 500</b>	<b>-</b>	<b>(79 891 800)</b>	<b>4 192 416</b>	<b>(420 095 130)</b>	<b>-5%</b>	<b>-4%</b>

**Capricorn District Municipality**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
for the year ending 30 June 2014

Net Cash From (Used) Operating	248 235 320	226 542 856	(64 280 053)	-	162 262 803	240 711 379	(78 448 576)	148%	106%
Net Cash From (Used) Investing	(252 783 124)	(252 510 562)	(73 749 947)	-	(326 260 508)	(201 007 462)	(125 253 046)	62%	80%
Net Cash From (Used) Financing	(2 491 464)	-	-	-	-	(1 370 914)	1 370 914	0%	0%
<b>Cash Equivalents At The Year End</b>	<b>(7 039 267)</b>	<b>(25 967 706)</b>	<b>(138 030 000)</b>	<b>-</b>	<b>(163 997 706)</b>	<b>38 333 003</b>	<b>(202 330 709)</b>	<b>-23%</b>	<b>-148%</b>

**Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance**

Net Surplus/(Deficit) Per The Statement Of Financial Performance	<b>172 197 873</b>
<i>Adjusted For:</i>	
Differences in revenue	(136 504 576)
Employee related costs	(7 100 779)
Remuneration of councillors	1 233 977
Debt impairment	(3 268 345)
Depreciation and amortisation	(35 915 094)
Finance costs	56 355
Bulk purchases	(30 137)
General expenses	(70 561 072)
<b>Net Surplus/(Deficit) Per Approved Budget</b>	<b>(79 891 800)</b>

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

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

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

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

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

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

**1.2 PRESENTATION CURRENCY**

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

**1.3 GOING CONCERN ASSUMPTION**

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

**1.4 COMPARATIVE INFORMATION**

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

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

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

<b>No.</b>	<b>Title of Standard</b>	<b>Impact on GRAP</b>
GRAP 20	Related Party Disclosures	No material impact
GRAP 32	Service Concession Arrangements: Grantor	No material impact
GRAP 108	Statutory Receivables	No impact as no merger is anticipated in the foreseeable future

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

An effective date is yet to be determined for the other standards by the Minister.

**New GRAP standards effective for financial years beginning on or after 1 April 2015**

<b>No.</b>	<b>Title of Standard</b>	<b>Impact on GRAP</b>
GRAP 18	Segment Reporting	No material impact
GRAP 105	Transfer of Functions Between Entities Under Common Control	No impact as the municipality is not an municipality under common control
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No impact as no transfer of functions are anticipated in the foreseeable future
GRAP 107	Mergers	No impact as no merger is anticipated in the foreseeable future

**New GRAP standards effective for financial years beginning on or after 31 April 2013**

<u>No.</u>	<u>Title of Standard</u>
GRAP 25	Employee Benefits
GRAP 27	Agriculture
GRAP 31	Intangible Assets
IGRAP 1	Applying the Probability Test on Initial Recognition of Revenue (supersedes IGRAP 1 issued 2009)
IGRAP 16	Website Costs

**2 PROPERTY, PLANT AND EQUIPMENT**

**2.1 INITIAL RECOGNITION**

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

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

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

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

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

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

**2.2 SUBSEQUENT MEASUREMENT - COST**

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

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

**2.3 DEPRECIATION**

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

<b><u>Infrastructure</u></b>		<b><u>Other</u></b>	
Roads and Paving	15-50	Specialist	10-13
Water Maintenance and purification	15-40	Other vehicles	5-8
Sewerage	15-50	Office equipment	10-13
Water Reservoir	30-50	Furniture and fittings	8-13
		Emergency equipment	5-8
		Computer equipment	3-8
<b><u>Community</u></b>		Machinery	5-8
Buildings	10-55	Telephones	3-6
Security	5	Communication	3-6
		Copiers	3-6
<b><u>Finance lease assets</u></b>		Computer software	3-10
Office equipment	1-10		
<b><u>Buildings and Land</u></b>			
Buildings	10-33		
Land	-		

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

## **2.4 IMPAIRMENTS OF ASSETS**

### **2.4.1 CASH GENERATING ASSETS**

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

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

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

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

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

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

### **2.4.2 NON CASH GENERATING ASSETS**

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

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

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

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

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

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

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

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

## **2.5 DERECOGNITION**

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

## **3 INTANGIBLE ASSETS**

### **3.1 INITIAL RECOGNITION**

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

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

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

Intangible assets are initially recognised at cost.

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



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

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

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

### **3.3 AMORTISATION AND IMPAIRMENT**

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

Computer software	3-10
-------------------	------

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

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

### **3.4 DERECOGNITION**

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

### **3.5 WEBSITE COSTS**

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

## **4 INVENTORIES**

### **4.1 INITIAL RECOGNITION**

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

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

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

### **4.2 SUBSEQUENT MEASUREMENT**

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

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

Consumable inventories are valued using the weighted average method.

## **5 FINANCIAL INSTRUMENTS**

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

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

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

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

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

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

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

## **5.1 INITIAL RECOGNITION**

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

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

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

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

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

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

### Financial instruments classified at amortised cost

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

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

### Financial instruments classified at cost

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

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

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

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

## **5.2 SUBSEQUENT MEASUREMENT**

### Impairment and uncollectability of financial assets

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

### Impairment and uncollectability of financial assets

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

- \* Significant financial difficulty experienced by the borrower/debtor;
- \* An municipality assesses financial assets individually, when assets are individually significant, and individually or collectively for financial assets that are not individually significant. Where no objective evidence of impairment exists for an individually assessed asset (whether individually significant or not), an municipality includes the assets in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

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

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

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

### **Gains and losses**

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

**Capricorn District Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ending 30 June 2014

---

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

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

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

The municipality has the following categories of financial instruments:

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

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

Trade and other receivables are initially designated at fair value.

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

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

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

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

#### **5.3.3 CASH AND CASH EQUIVALENTS**

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

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

### **5.4 DERECOGNITION**

*The municipality derecognises a financial asset only when:*

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or

- The municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the that party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

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

*The municipality derecognises a financial liability only when:*

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

## **6 UNAUTHORISED EXPENDITURE**

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

## **7 IRREGULAR EXPENDITURE**

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

## **8 FRUITLESS AND WASTEFUL EXPENDITURE**

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

## **9 PROVISIONS**

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

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

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

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

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

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

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

## **10 LEASES**

### **10.1 MUNICIPALITY AS LESSEE**

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

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

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

## **11 REVENUE**

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

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

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

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

#### **11.1.1 Measurement**

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

#### **11.1.2 Sale of goods**

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

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

#### **11.1.3 Rendering of services**

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

- the amount of revenue can be measured reliably;



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

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

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

#### **11.1.4 Interest income**

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

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

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

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

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

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

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

**12 EVENTS AFTER BALANCE SHEET DATE**

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

**13 COMMITMENTS**

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

**14 EMPLOYEE BENEFITS**

**14.1 Short-term employee benefits**

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

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

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

**14.2 Defined contribution plans**

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

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

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

**14.3 Long term service awards and accumulated leave days**

**14.3.1 Long term service**

Employees qualify for additional leave for various period of uninterrupted service in accordance with SALGBC condition of service. The long term service award measured in accordance with GRAP 25 through an actuarial valuation.

**14.3.2 Accumulated leave days**

Accumulated leave benefit accrues to employees unto maximum of 48 leave days. The benefits are paid in the events of death, disability, retrenchment or/and retirement. Employees who have leave days in excess of the 48 days for periods, before the conditions of service came to effect, are measured in accordance with GRAP 25 through an actuarial valuation.

**14.4 Post employment obligations**

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

The actuarial valuation method used to value liabilities is the Projected Unit Credit Method prescribed by GRAP 25.

Any plan assets are valued at current market value as required by GRAP 25.

**15 CHANGE IN ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND PRIOR PERIOD ERRORS**

**15.1 Change in accounting estimate**

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

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

**15.2 Change in accounting policy**

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

**15.3 Prior period errors**

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

(a) was available when financial statements for those periods were authorised for issue; and

(b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

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

**15.4 Measurement/re-measurement**

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

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

(a) applying the new accounting policy to transactions, other events and conditions occurring after the date as at which the policy is changed; and

(b) ) recognising the effect of the change in the accounting estimate in the current and future periods affected by the change.

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

**15.5 Prior period errors**

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

**16 RELATED PARTIES**

Related party means parties are considered to be related if one party has the ability to control the other party, or exercise significant influence over the other party in making financial and operating decisions, or if the related party entity and another entity are subject to common control.

Related party transaction is a transfer of resources or obligations between related parties, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the reporting entity or the government of which it forms part.

Management is regarded as a related party and comprises of the Councillors, Executive Mayor, Mayoral Committee members, and Executive Managers.

Related party transactions are accounted for in accordance with IPSAS 20.

**17 BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP standards, and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements.

The annual budget figures included in the financial statements are for the Municipality and these figures are those approved by the Council at the beginning and during the year.

**18 VALUE ADDED TAX**

VAT is payable on the accrual basis.

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>1 CASH AND CASH EQUIVALENTS</b>			
First National Bank Current Account (Primary Bank Account)		46 824 905	15 269 181
Investment Accounts		245 739 032	238 983 705
Cash on hand		23 000	1 049
<b>Total cash and cash equivalents</b>		<b>292 586 938</b>	<b>254 253 935</b>

*Bank statement balances as 30 June 2014*

First National Bank Current Account (Primary Bank Account)		46 824 905	26 026 575
Investment Accounts		245 739 032	238 983 705
		<b>292 563 938</b>	<b>265 010 280</b>

**2 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	Gross Balances R	Provision for Doubtful Debts R	Net Balance R
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2014</b>			
Service debtors - water	76 225 818	(62 510 886)	13 714 932
Other receivables	9 865 156	-	9 865 156
<b>Total Trade and other receivables</b>	<b>86 090 973</b>	<b>(62 510 886)</b>	<b>23 580 088</b>
<b>as at 30 June 2013</b>			
Service debtors - water	150 446 385	(147 593 186)	2 853 198
Other receivables	7 186 999	-	7 186 999
<b>Total</b>	<b>157 633 383</b>	<b>(147 593 186)</b>	<b>10 040 197</b>

*Other receivables*

Local Municipalities - Operation and maintenance		4 238 080	1 385 180
Sundry debtors		5 627 075	5 801 819
		<b>9 865 156</b>	<b>7 186 999</b>

The following represents water debts that are not impaired;

**Water: Ageing**

(0 – 90 days)	10 199 281	996 781
91 - 120 Days	114 222	446 186
121 - 365 Days	364 835	1 410 232
<b>Total</b>	<b>10 678 338</b>	<b>2 853 198</b>

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R
<b>2.1 Reconciliation of the doubtful debt provision</b>			
Balance at beginning of the year		147 593 186	88 889 598
Amounts written off		(113 150 977)	-
VAT		3 444 972	6 163 671
Contributions to provision		24 623 705	52 539 917
<b>Balance at end of year</b>		<b>62 510 886</b>	<b>147 593 186</b>
<b>3 INVENTORIES</b>			
<b>Opening balance of inventories:</b>		<b>4 248 562</b>	<b>3 470 020</b>
Consumable stores - at cost		316 172	211 569
Maintenance materials - at cost		3 640 266	2 940 470
Water		292 124	317 981
<b>Additions:</b>		<b>7 649 905</b>	<b>1 870 469</b>
Consumable stores		1 329 562	878 549
Maintenance materials		6 320 343	699 796
Water		-	292 124
<b>Issued (expensed):</b>		<b>(4 782 489)</b>	<b>(1 091 927)</b>
Consumable stores		(1 334 994)	(773 945)
Maintenance materials		(3 432 651)	-
Water		(14 844)	(317 981)
<b>Closing balance of inventories:</b>		<b>7 115 978</b>	<b>4 248 562</b>
Consumable stores		310 740	316 172
Maintenance materials		6 527 958	3 640 266
Water		277 280	292 124
<b>4 PREPAYMENTS</b>			
Prepaid expenses		<b>2 058 536</b>	<b>10 958</b>
2014/15 SALGA membership fees paid in advance to benefit from the discount given if paid before year-end			
<b>5 VAT RECEIVABLE</b>			
VAT is receivable on the invoices basis		<b>19 811 044</b>	<b>26 614 942</b>

Capricorn District Municipality  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
<b>as at 30 June 2013</b>	<b>11 861 500</b>	<b>57 266 609</b>	<b>1 212 840 636</b>	<b>46 684 952</b>	<b>1 060 285</b>	<b>1 329 713 982</b>
Cost/Revaluation	11 861 500	70 704 654	1 563 637 068	67 747 014	6 925 994	1 720 876 230
Accumulated depreciation and impairment losses	-	(13 438 045)	(350 796 432)	(21 062 061)	(5 865 710)	(391 162 248)
Acquisitions	-	-	331 465 281	6 990 216	4 264 743	342 720 241
Depreciation	-	(2 318 880)	(29 897 834)	(7 977 102)	(2 156 399)	(42 350 214)
Carrying value of disposals	-	-	<b>(137 112 793)</b>	<b>(719 324)</b>	<b>(88 508)</b>	<b>(137 920 624)</b>
Cost/Revaluation	-	-	(137 135 373)	(1 674 470)	(4 964 107)	(143 773 950)
Accumulated depreciation and impairment losses	-	-	22 581	955 146	4 875 599	5 853 325
Impairment loss/Reversal of impairment loss	-	-	3 938 911	(1 087 697)	-	2 851 214
<b>as at 30 June 2014</b>	<b>11 861 500</b>	<b>54 947 729</b>	<b>1 381 234 202</b>	<b>43 891 046</b>	<b>3 080 121</b>	<b>1 495 014 598</b>
Cost/Revaluation	11 861 500	70 704 654	1 757 966 976	73 062 760	6 226 630	1 919 822 521
Accumulated depreciation and impairment losses	-	(15 756 925)	(376 732 775)	(29 171 714)	(3 146 509)	(424 807 923)

Capricorn District Municipality  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

**6.2 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
<b>as at 1 July 2012</b>	<b>11 861 500</b>	<b>50 232 010</b>	<b>1 009 358 324</b>	<b>46 097 900</b>	<b>1 714 247</b>	<b>1 119 263 982</b>
Cost as previously stated	11 861 500	61 466 933	1 621 383 452	59 452 147	6 384 538	1 760 548 571
Cost - correction of error	-	-	(301 830 869)	(541 457)	541 456	(301 830 870)
Accumulated depreciation - correction of error	-	(1)	70 486 259	8 601 822	(2 906 219)	76 181 861
Accumulated depreciation as previously stated	-	(11 234 922)	(380 680 518)	(21 414 612)	(2 305 528)	(415 635 580)
Acquisitions	-	9 237 721	296 786 179	9 313 336	-	315 337 236
Depreciation	-	(2 203 122)	(27 575 362)	(8 936 499)	(653 963)	(39 368 946)
<b>Carrying value of disposals</b>	<b>-</b>	<b>-</b>	<b>(52 340 581)</b>	<b>(388 859)</b>	<b>-</b>	<b>(52 729 440)</b>
Cost/Revaluation	-	-	(52 701 694)	(477 013)	-	(53 178 707)
Accumulated depreciation and impairment losses	-	-	361 114	88 154	-	449 268
Impairment loss/Reversal of impairment loss	-	-	(13 387 924)	599 074	-	(12 788 851)
<b>as at 30 June 2013</b>	<b>11 861 500</b>	<b>57 266 609</b>	<b>1 212 840 636</b>	<b>46 684 952</b>	<b>1 060 285</b>	<b>1 329 713 982</b>
Cost/Revaluation	11 861 500	70 704 654	1 563 637 068	67 747 014	6 925 994	1 720 876 230
Accumulated depreciation and impairment losses	-	(13 438 045)	(350 796 432)	(21 062 061)	(5 865 710)	(391 162 248)

**No property, plant and equipment's are held or pledged as security for any liabilities of the municipality**



Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**7 INTANGIBLE ASSETS**

**7.1 Reconciliation of carrying value**

	<b>Computer Software R</b>
<b>as at 30 June 2013</b>	
Cost	3 758 972
Accumulated amortisation and impairment losses	7 252 185
	(3 493 213)
Acquisitions	312 421
Amortisation	(912 043)
<b>as at 30 June 2014</b>	<b>3 159 350</b>
Cost	7 564 606
Accumulated amortisation and impairment losses	(4 405 256)

**7.2 Reconciliation of carrying value**

<b>as at 1 July 2012</b>	<b>3 473 643</b>
Cost	5 687 252
Accumulated amortisation and impairment losses	(2 213 609)
Acquisitions	1 564 933
Amortisation	(1 279 604)
<b>as at 30 June 2013</b>	<b>3 758 972</b>
Cost	7 252 185
Accumulated amortisation and impairment losses	(3 493 213)

**No intangible assets are held or pledged as security for any liabilities of the municipality**

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**8 RETIREMENT BENEFIT INFORMATION**

**8.1 *Post employment medical aid liability***

Certain employees of the municipality belong to the post employment medical aid benefit. The most recent actuarial valuation was done in July 2014 for balances as at 30 June 2014.

**Post-employment Medical Aid Liabilities**

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

**Valuation of Assets**

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

**Financial Variables**

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates. We have assumed the following values for these variables:

	<b>Assumed Value 30 June 2014 Current Valuation</b>	<b>Assumed Value 30 June 2013 Preceding Valuation</b>
Discount Rate	8.94%	7.89%
CPI (Consumer Price Inflation)	7.05%	6.14%
Medical Aid Contribution Inflation	8.05%	7.14%
Net Effective Discount Rate	0.82%	0.70%

### **Discount Rate**

The determination of the Discount rate assumption to be used is as follows:

“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

The discount rate was therefore set as the yield of the R209 South African government bond as at the valuation date. The actual yield on the R209 bond was sourced from the RMB Global Markets website on the 30th of June 2014.

### **Medical Aid Inflation**

The medical aid inflation rate was set with reference to the past relationship between CPI and medical aid contribution rate Inflation. We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between current conventional South African government bond yields (R209) and current index-linked SA government bond yields (R202).

South Africa has experienced high health care cost inflation in recent years. The annualised compound rates of increase for the last ten years show that registered medical aid schemes contribution inflation outstripped general CPI by almost 3% year on year. We do not consider these increases to be sustainable and have assumed that medical aid contribution increases would out-strip general inflation by 1% per annum over the foreseeable future.

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Accrued Liability**

The accrued liability is given below and is split between the current employees and continuation members (pensioners).

<b>Category</b>	<b>Valuation R</b>	<b>Valuation R</b>
Current (In Service) Members	-	-
Continuation Members (Pensioners)	3 268 000	4 209 000
<b>Total</b>	<b>3 268 000</b>	<b>4 209 000</b>

**Interest Cost**

The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because the post-employment medical aid scheme contributions are one year closer to payment.

<b>Category</b>	<b>Valuation To be used in the 30 June 2015 Actuarial Loss/(Gain) calculation R</b>	<b>Valuation To be used in the 30 June 2014 Actuarial Loss/(Gain) calculation R</b>
Interest Cost	282 000	323 000

**Current Service Cost**

The Current Service Cost reflects the additional liability that is expected to accrue in respect of in service members' service over the corresponding year.

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Sensitivity Analysis**

As mentioned in the introduction of this report, the valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of mortality;
- 1% increase/decrease in the Medical Aid inflation.

**Mortality rate**

Deviations from the assumed level of mortality experience of the current employees and the continuation members (pensioners) will have a large impact on the actual cost to the Municipality. If the actual rates of mortality turns out higher than the rates assumed in the valuation basis, the cost to the Municipality in the form of subsidies will reduce and vice versa.

We have illustrated the effect of higher and lower mortality rates by increasing and decreasing the mortality rates by 20%. The effect is as follows:

	<b>-20% Mortality rate R</b>	<b>Valuation Assumption R</b>	<b>20% Mortality rate R</b>
Total Accrued Liability	3 576 000	3 268 000	3 027 000
Interest Cost	310 000	282 000	261 000
Service Cost	-	-	-

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

**Medical aid inflation**

The cost of the subsidy after retirement is dependent on the increase in the contributions to the medical aid scheme before and after retirement. The rate at which these contributions increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the medical aid inflation assumption. The effect is as follows:

	<b>-1% Medical aid inflation R</b>	<b>Valuation Assumption R</b>	<b>+1% Medical aid inflation R</b>
Total Accrued Liability	2 952 000	3 268 000	3 646 000
Interest Cost	254 000	282 000	316 000
Service Cost	-	-	-

**Actuarial Loss/(Gain)**

The combined Accrued Liability in respect of Post employment medical aid liability is built-up as follows:

	<b>Current Valuation date 30 June 2014 R</b>	<b>1 Year Following the Valuation Date R</b>	<b>2 Years Following the Valuation Date R</b>	<b>3 Years Following the Valuation Date</b>
PV of the obligation as at the previous valuation date	4 209 000	3 268 000	3 318 000	3 361 000
Current Service Cost	-	-	-	-
Interest Cost	323 000	282 000	286 000	289 000
Benefits Paid	(303 901)	(232 000)	(243 000)	(255 000)
Actuarial Loss / (Gain)	(960 099)	-	-	-
<b>PV of the obligation as at the current valuation date</b>	<b>3 268 000</b>	<b>3 318 000</b>	<b>3 361 000</b>	<b>3 395 000</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

8.2 Long service award liability

Long service benefits are awarded in the form of a number of leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth. The table below contains a summary of the benefit policy:

<b>Completed Years of Service</b>	<b>Total Long Service Benefit Award (% of Annual Salary)</b>	<b>Formula used to calculate Total Long Service Benefit Award</b>
10	4%	$(10/250) \times \text{Annual Salary}$
15	8%	$(20/250) \times \text{Annual Salary}$
20, 25, 30, 35, 40, and 45	12%	$(30/250) \times \text{Annual Salary}$

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements and withdrawals from service as set out in the next section of this report.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

**Valuation of Assets**

As at the valuation date, the long service leave award liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Valuation Assumptions**

**Financial Variables**

The two most important financial variables used in our valuation are the discount- and medical aid inflation rates. We have assumed the following values for these variables:

	<b>Assumed Value Current Valuation</b>	<b>Assumed Value Preceding Valuation</b>
Discount Rate	8.94%	7.89%
CPI (Consumer Price Inflation)	7.05%	6.14%
Medical Aid Contribution Inflation	8.05%	7.14%
Net Effective Discount Rate	0.82%	0.70%

**Discount Rate**

The determination of the Discount rate assumption to be used is as follows:

“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

The discount rate was therefore set as the yield of the R209 South African government bond as at the valuation date. The actual yield on the R209 bond was sourced from the RMB Global Markets website on the 30th of June 2014.

**Normal Salary Inflation Rate**

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between current conventional bond yields (R208) and current index-linked bond yields (R197). The actual yield on the R208 and R197 South African government bonds was sourced from the RMB Global Markets website. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 01 July 2014 of 6.79%. The next salary increase was assumed to take place on 01 July 2015.



**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

In addition to the normal salary inflation rate, we assumed the following promotional salary increases:

<b>Age Band</b>	<b>Promotional Increase</b>
20 - 24	5%
25 - 29	4%
30 - 34	3%
35 - 39	2%
40 - 44	1%
45 and over	0

**Normal Retirement Age**

The normal retirement age (NRA) for all active employees was assumed to be 65 years.

**Mortality Rates**

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Withdrawal Decrements**

A table setting out the assumed rates of withdrawal from service is set out below:

<b>Age Band</b>	<b>Withdrawal Rate Males</b>	<b>Withdrawal Rate Females</b>
20 - 24	16%	24%
25 - 29	12%	18%
30 - 34	10%	15%
35 - 39	8%	10%
40 - 44	6%	6%
45 - 49	4%	4%
50 - 54	2%	2%
55 - 59	1%	1%
60 +	0%	0%

**Accrued Defined Benefit Obligation (ADBO)**

The value of the accrued defined benefit obligation in respect of the long service awards is given below.

<b>ADBO</b>	<b>Valuation R</b>	<b>Valuation R</b>
Eligible in service employees	R 9 331 000	R 4 845 000

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Interest Cost**

The Interest Cost represents the accrual of interest on the Accrued Defined Benefit Obligation, allowing for benefit payments, over the corresponding year. This arises because the long service benefits are one year closer to payment.

	<b>30-06-2014 Valuation To be used in the 30 June 2015 Actuarial Loss/(Gain) calculation R</b>	<b>30-06-2013 Valuation To be used in the 30 June 2014 Actuarial Loss/(Gain) calculation R</b>
Eligible in service employees	749 000	363 000

**Current Service Cost**

The Current Service Cost reflects the additional liability that is expected to accrue in respect of in service members' service over the corresponding year.

	<b>Valuation To be used in the 30 June 2015 Actuarial Loss/(Gain) calculation R</b>	<b>Valuation To be used in the 30 June 2014 Actuarial Loss/(Gain) calculation R</b>
Eligible in service employees	927 000	575 000

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Actuarial Loss/(Gain)**

The combined Accrued Liability in respect of Long Service Leave Awards is built-up as follows:

	<b>Current Valuation Date 30 June 2014 R</b>	<b>1 Year Following the Valuation date R</b>	<b>2 Years Following the Valuation Date R</b>	<b>3 Years Following the Valuation Date R</b>
PV of the obligation as at the previous valuation date	7 295 000	9 331 000	9 278 000	9 078 781
Current Service Cost	575 000	927 000	953 146	983 823
Interest Cost	363 000	749 000	702 635	682 585
Benefits Paid	(351 769)	(1 729 000)	(1 855 000)	(1 991 000)
Actuarial Loss / (Gain)	1 449 769	-	-	
<b>PV of the obligation as at the current valuation date</b>	<b>9 331 000</b>	<b>9 278 000</b>	<b>9 078 781</b>	<b>8 754 189</b>

**Sensitivity Analysis**

As mentioned in the introduction of this report, the valuation is only an estimate of the cost of providing Long service leave award benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables and the demographic profile of the membership.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of withdrawal rates;
- 1% increase/decrease in the Normal Salary cost inflation

**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

**Withdrawal rate**

Deviations from the assumed level of withdrawal experience of the eligible employees will have a large impact on the actual cost to the Municipality. If the actual rates of withdrawal turns out to be higher than the rates assumed in the valuation basis, then the cost to the Municipality in the form of benefits will reduce and vice versa.

We have illustrated the effect of higher and lower withdrawal rates by increasing and decreasing the withdrawal rates by 20%. The effect is as follows:

	<b>-20% Withdrawal rate R</b>	<b>Valuation Assumption R</b>	<b>20% Withdrawal rate R</b>
Total Accrued Liability	9 884 000	9 331 000	8 842 000
Current Service Cost	1 024 000	927 000	846 000
Interest Cost	797 000	749 000	707 000

**Normal salary inflation**

The cost of the long service awards is dependent on the increase in the annual salaries paid to employees. The rate at which salaries increase will thus have a direct effect on the liability of future retirees.

We have tested the effect of a 1% p.a. change in the Normal Salary inflation assumption. The effect is as follows:

	<b>-1% Normal salary inflation R</b>	<b>Valuation Assumption R</b>	<b>1% Normal salary inflation R</b>
Total Accrued Liability	9 331 000	9 331 000	10 548 000
Current Service Cost	927 000	927 000	1 097 000
Interest Cost	749 000	749 000	853 000

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>9</b>	<b>PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
	Trade creditors	68 249 129	46 455 774
	Retentions	44 970 630	53 520 266
	Other creditors	9 786	353 673
	<b>Total creditors</b>	<b>113 229 544</b>	<b>100 329 714</b>
	The fair value of trade and other payables approximates their carrying amounts		
<b>10</b>	<b>PROVISIONS</b>		
	Provision for bonuses	10.1 9 211 339	7 817 134
	Provision for leave	10.2 3 257 904	4 947 262
	Other provisions	10.3 1 958 000	1 261 000
	<b>Total provisions</b>	<b>14 427 243</b>	<b>14 025 396</b>
10.1	<u>Provision for bonuses</u>		
	<b>Performance Bonus</b>		
	Opening accrued liability as at 1 July	4 880 534	4 398 034
	Benefits Paid	(4 856 234)	(4 880 534)
	Contributions to provision	5 775 700	5 363 034
	Closing accrued liability as at 30 June	5 800 000	4 880 534
	<b>13th cheque provision</b>		
	Opening accrued liability as at 1 July	1 261 000	2 573 988
	Expenditure incurred	(8 664 059)	(8 340 798)
	Contributions to provision	10 814 398	8 703 409
	Closing accrued liability as at 30 June	3 411 339	2 936 600
	<b>Total provision for bonuses</b>	<b>9 211 339</b>	<b>7 817 134</b>
10.2	<u>Provision for leave</u>		
	<b>Leave days (short-term)</b>		
	Opening accrued liability as at 1 July	4 947 262	1 207 000
	Transfers (to)/from long-term	(1 689 358)	3 740 262
	Closing accrued liability as at 30 June	<b>3 257 904</b>	<b>4 947 262</b>
10.3	<u>Other provisions</u>		
	<b>Post-employment Medical Aid Benefits (short-term)</b>		
	Opening accrued liability as at 1 July	323 000	399 000
	Transfers (to)/from long-term	(41 000)	(76 000)
	Closing accrued liability as at 30 June	282 000	323 000

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b><u>Long-service award (short-term)</u></b>			
Opening accrued liability as at 1 July		938 000	1 341 000
Transfers (to)/from long-term		738 000	(403 000)
Closing accrued liability as at 30 June		1 676 000	938 000
<b>Total provision for bonuses</b>		<b>1 958 000</b>	<b>1 261 000</b>
<b>11 UNSPENT CONDITIONAL GRANTS</b>			
Finance management grant (FMG)		517 072	266 435
Water services operating grant (WSOG)		7 999 841	-
Municipal infrastructure grant (MIG)	11.1	118 284 293	105 332 750
Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)		107 511	1 078 388
Rural transport services infrastructure grant (RTSIG)		-	490 873
Rural household infrastructure grant (RHIG)		3 706 528	-
<b>Current portion of unspent conditional grants</b>		<b>130 615 245</b>	<b>107 168 447</b>
<b>11.1 <u>Municipal infrastructure grant (MIG)</u></b>			
<b>Balance unspent at beginning of year</b>		105 332 750	110 744 610
Funds returned to Treasury		(48 189 000)	-
Current year receipts		229 146 000	210 968 000
Conditions met - transferred to revenue		(168 005 457)	(216 379 860)
<b>Conditions still to be met - remain liabilities</b>		<b>118 284 293</b>	<b>105 332 750</b>
MIG is a conditional grant with a purpose to assist municipalities to build in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation, policies and the local government turnaround strategy.			
<b>11.2 <u>Other Government Grants and Subsidies</u></b>			
<b>Balance unspent at beginning of year</b>		1 835 696	2 117 472
Current year receipts		39 611 069	51 333 849
Conditions met - transferred to revenue		(29 115 814)	(51 615 625)
<b>Conditions still to be met - remain liabilities</b>		<b>12 330 952</b>	<b>1 835 696</b>

Capricorn District Municipality  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>12 LEASES</b>			
12.1 <u>Finance lease liability</u>			
		<b>Minimum lease payment</b>	<b>Future finance charges</b>
			<b>PV of minimum lease payments</b>
<b>2014</b>	<b>R</b>	<b>R</b>	<b>R</b>
Within one year		1 623 665	(298 548)
Within two to five years		2 869 884	(223 652)
		<u>4 493 549</u>	<u>(522 200)</u>
Less: Amount due for settlement within 12 months (current portion)			(1 325 118)
			<u><u>2 646 232</u></u>
		<b>Minimum lease payment</b>	<b>Future finance charges</b>
			<b>PV of minimum lease payments</b>
<b>2013</b>	<b>R</b>	<b>R</b>	<b>R</b>
Within one year		1 128 464	(23 589)
Less: Amount due for settlement within 12 months			(1 104 875)
			<u><u>-</u></u>
12.2 <u>Operating lease commitments</u>			
At the reporting date the entity has outstanding commitments under operating lease which fall due as follows:			
Within one year			1 477 168
Within two to five years			-
			<u>1 477 168</u>
			<u>2 542 529</u>
<b>13 NON-CURRENT PROVISIONS</b>			
Provision for long-service awards	13.1	7 655 000	6 357 000
Post-employment Medical Aid Benefits	13.2	2 986 000	3 886 000
Long-term leave days	13.3	12 692 716	10 218 557
		<u>23 333 716</u>	<u>20 461 557</u>
13.1 <u>Long-service leave awards</u>			
Opening accrued liability as at 1 July		7 295 000	6 147 000
Current service cost		575 000	854 000
Interest Cost		363 000	487 000
Benefits Paid		(351 769)	(199 213)
Actuarial Loss/(Gain) <sup>1</sup>	37.3	1 449 769	6 213



Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
Liability transferred to short-term portion	10.3	9 331 000 (1 676 000)	7 295 000 (938 000)
<b>Closing accrued liability as at 30 June</b>		<b>7 655 000</b>	<b>6 357 000</b>
<b>13.2 <u>Post-employment Medical Aid Benefits</u></b>			
Opening accrued liability as at 1 July		4 209 000	5 040 000
Interest Cost		323 000	399 000
Benefits Paid		(303 901)	(254 848)
Actuarial Loss/(Gain)		(960 099)	(975 152)
		<b>3 268 000</b>	<b>4 209 000</b>
Liability transferred to short-term portion	10.3	(282 000)	(323 000)
<b>Closing accrued liability as at 30 June</b>		<b>2 986 000</b>	<b>3 886 000</b>
<b>13.3 <u>Long-term leave days</u></b>			
Opening accrued liability as at 1 July		15 165 819	10 530 433
Net accrued leave		3 021 224	8 712 472
Annual leave days forfeited/(paid out)		(2 236 423)	(4 077 086)
		<b>15 950 620</b>	<b>15 165 819</b>
Liability transferred to short-term portion	10.2	(3 257 904)	(4 947 262)
<b>Closing accrued liability as at 30 June</b>		<b>12 692 716</b>	<b>10 218 557</b>
<b>14 REVENUE FROM EXCHANGE TRANSACTIONS</b>			
Service charges - water	14.1	<b>36 033 006</b>	<b>29 853 592</b>
Interest earned			
Outstanding receivables		3 093 261	5 443 619
External investments		20 153 761	17 967 647
		<b>23 247 022</b>	<b>23 411 266</b>
Other income			
Tender Fees income		873 355	1 408 427
Insurance Refunds		-	779 502
		<b>873 355</b>	<b>2 187 929</b>
		<b>60 153 384</b>	<b>55 452 786</b>

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>15 REVENUE FROM NON- EXCHANGE TRANSACTIONS</b>			
Government grants and subsidies			
Equitable share		431 845 000	402 162 000
MIG Grant	11.1	168 005 457	216 379 860
Other Government Grants and Subsidies	11.2	29 115 814	51 615 625
		<b>628 966 271</b>	<b>670 157 485</b>
Other Income			
Retention liability written back		17 163 121	-
Commission liability written back		-	35 903 280
Bad debt recovered		-	353
		<b>17 163 121</b>	<b>35 903 633</b>

An amount of R4 578 300 for EDSM grant was withheld due to inconsistent monthly reporting and non-submission of the business plan.

An amount of R560 000 for MWIG was withheld due to poor performance on the 2012/13 allocated budget and underspending.

**Included within Other Government Grants and Subsidies are the following:**

15.1 Expanded Public Works Programme Integrated Grant for Municipalities (EPWP)

To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas, in compliance with the Expanded Public Works Programme guidelines.

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
15.2	<p><u>Municipal Systems Improvement Grant (MSIG)</u></p> <p>To assist municipalities build in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related legislation, policies and the local government turnaround strategy.</p>		
15.3	<p><u>Water Services Operating Subsidy Grant (WSOG)</u></p> <p>To subsidise and build capacity in water schemes owned and/or operated by the Department of Water Affairs or by other agencies on behalf of the department and transfer these schemes to local government.</p>		
15.4	<p><u>Local Government Financial Management Grant (LGFMG)</u></p> <p>To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.</p>		
15.4	<p><u>Rural transport services infrastructure grant (RTSIG)</u></p> <p>To assist rural district municipalities to set up rural Road Asset Management Systems, and collect road and traffic data in line with the Road Infrastructure Strategic Framework for South Africa.</p>		
15.5	<p><u>Municipal Water Infrastructure Grant (MWIG)</u></p> <p>To assist Water Services Authorities (WSAs) to provide water supply services to consumers currently without services, particularly those in rural areas.</p>		

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
15.6	<u>Local Government Financial Management Grant (LGFMG)</u> To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.		
15.7	<u>Equitable Share</u> In terms of the Constitution, this grant is an unconditional grant .		
15.8	<u>Energy Efficiency and Demand Side Management Grant (EEDG)</u> To provide subsidies to municipalities to implement Energy Efficiency and Demand Side Management initiatives within municipal infrastructure, in order to reduce electricity consumption and improve energy efficiency.		
15.9	<u>Rural Household Infrastructure Grant (RHIG)</u> To provide specific capital funding for the reduction of rural sanitation backlogs and to target existing households where bulk-dependent services are not viable.		
<b>16</b>	<b>EMPLOYEE RELATED COSTS</b>		
	Employee related costs - Salaries and Wages	129 201 335	119 539 719
	Contributions for UIF, pensions and medical aids	31 976 908	26 572 156
	Travel, motor car, subsistence and other allowances	17 419 978	13 733 091
	Housing benefits and allowances	2 198 825	2 308 250
	Overtime payments	10 285 209	7 910 000
	Performance and other bonuses	5 835 823	4 880 534
	Other employee related costs	1 477 518	2 257 434
	16.1	<b>198 395 596</b>	<b>177 201 183</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
16.1	<u>Other employee related costs include</u>		
	Workers' compensation assoc. contributions	-	1 327 675
	Employee Assistant Programme	1 168 915	240 432
	Union affiliations	46 940	32 497
	Special Allowance	261 662	656 830
		<b>1 477 518</b>	<b>2 257 434</b>
16.2	<u>Remuneration of the Municipal Manager</u>		
	Annual Remuneration	1 088 876	1 007 691
	Performance- and other bonuses	26 306	74 583
	Travel, motor car, subsistence and other allowances	204 000	240 670
	Contributions to UIF, Medical and Pension Funds	284 105	264 756
		<b>1 603 287</b>	<b>1 587 699</b>
16.3	<u>Remuneration of the Chief Finance Officer</u>		
	Annual Remuneration	915 854	967 738
	Performance- and other bonuses	13 031	30 698
	Travel, motor car, subsistence and other allowances	132 000	224 509
	Contributions to UIF, Medical and Pension Funds	24 086	5 901
		<b>1 084 971</b>	<b>1 228 846</b>
16.4	<u>Remuneration of Technical Services</u>		
	Annual Remuneration	311 316	265 362
	Performance- and other bonuses	-	23 878
	Travel, motor car, subsistence and other allowances	43 872	77 561
	Contributions to UIF, Medical and Pension Funds	620	6 653
		<b>355 808</b>	<b>373 454</b>
16.5	<u>Remuneration of Development, Economic and Planning Management Services</u>		
	Annual Remuneration	804 998	548 257
	Performance- and other bonuses	19 421	40 948
	Travel, motor car, subsistence and other allowances	120 609	173 376
	Contributions to UIF, Medical and Pension Funds	75 010	46 344
		<b>1 020 038</b>	<b>808 925</b>
16.6	<u>Remuneration of Strategic Support Services</u>		
	Annual Remuneration	731 104	439 688
	Performance- and other bonuses	44 178	82 809
	Travel, motor car, subsistence and other allowances	180 000	296 123
	Contributions to UIF, Medical and Pension Funds	162 704	106 213
		<b>1 117 987</b>	<b>924 834</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
16.7	<u>Remuneration of Corporate Services</u>		
	Annual Remuneration	482 123	767 320
	Performance- and other bonuses	20 021	172 718
	Travel, motor car, subsistence and other allowances	96 600	-
	Contributions to UIF, Medical and Pension Funds	47 665	76 397
		<b>646 409</b>	<b>1 016 435</b>
16.8	<u>Remuneration of Community Services</u>		
	Annual Remuneration	586 089	566 082
	Performance- and other bonuses	14 770	47 291
	Travel, motor car, subsistence and other allowances	105 990	121 846
	Contributions to UIF, Medical and Pension Funds	154 804	150 445
	<b>Total</b>	<b>861 653</b>	<b>885 663</b>
17	<b>REMUNERATION OF COUNCILLORS</b>		
	Executive Mayor	965 255	710 115
	Speaker	807 040	556 101
	Chief Whip	823 240	501 135
	Member of the Executive Committee:		
	Boloka P	272 959	107 552
	Dandane G	744 974	522 587
	Kgare B	799 178	528 679
	Mashangoane P	733 655	501 857
	Masoga C	509 372	288 889
	Moropa J	770 510	522 587
	Tsheola G	116 022	87 803
	Vilankulu J	180 043	95 224
	Ordinary Councillors	594 738	1 618 635
	Councillors' pension and medical aid	1 063 527	747 974
	Councillors' allowances	2 519 464	2 305 135
		<b>10 899 977</b>	<b>9 094 273</b>

**In-kind Benefits**

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

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<p>The Executive Mayor is entitled to stay at the mayoral residence owned by the Council at no cost. The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has 3 full-time bodyguards.</p>			
<b>18</b>	<b>COMMISSION EXPENSE</b>	<b>14 502 563</b>	<b>9 564 291</b>
	Commission is paid to local municipalities for the management of water related services.		
<b>19</b>	<b>DEPRECIATION AND AMORTISATION EXPENSE</b>		
	Property, plant and equipment	42 350 214	39 368 946
	Intangible assets	912 043	1 279 604
		<b>43 262 258</b>	<b>40 648 549</b>
<b>20</b>	<b>DERECOGNITION OF ASSETS</b>	<b>714 448</b>	<b>11 751 049</b>
	During 2014 and 2013 assets previously recognised as asset under construction were derecognised as these assets no longer complied with the definition of an asset.		
<b>21</b>	<b>INTEREST PAID</b>		
	Finance costs - Finance lease	107 642	213 451
	Other interest and penalty charges	403 412	97 241
		<b>511 055</b>	<b>310 692</b>
	Other interest and penalties of R103 410 (R97 241) relates to charges by SARS for changes in PAYE declarations caused by back payment of upper limits		
<b>22</b>	<b>BULK PURCHASES - WATER</b>	<b>49 930 863</b>	<b>44 310 716</b>
	Bulk purchases of water from Lepelle Northern Water		
<b>23</b>	<b>GRANTS AND SUBSIDIES PAID</b>	<b>-</b>	<b>7 985 645</b>
<b>24</b>	<b>PROFIT / (LOSS) ON ACTUARIAL VALUATIONS</b>	<b>(489 670)</b>	<b>968 939</b>

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>25</b>	<b>COMMITMENTS</b>		
25.1	<u>Commitments in respect of capital expenditure</u>		
	Infrastructure	119 067 267	51 786 230
	Community	-	180 000
	Other	9 213 191	75 895 518
		<b>128 280 458</b>	<b>127 861 748</b>
	<i>This expenditure will be financed from:</i>		
	- Government Grants	127 174 567	54 664 790
	- Equitable share grants	1 105 891	73 196 958
		<b>128 280 458</b>	<b>127 861 748</b>
25.2	<u>Commitments in respect of Operating expenditure</u>		
	Infrastructure	19 848 955	5 357 200
	Community	-	25 660
	Other	55 654 526	20 783 378
		<b>75 503 481</b>	<b>26 166 238</b>
	<i>This expenditure will be financed from:</i>		
	- Government Grants	24 072 455	4 048 070
	- Equitable share grants	51 431 026	22 118 168
		<b>75 503 481</b>	<b>26 166 238</b>
	Commitments in respect of capital expenditure	128 280 458	127 861 748
	Commitments in respect of Operating expenditure	75 503 481	26 166 238
	<b>Total Commitments</b>	<b>203 783 939</b>	<b>154 027 986</b>
	<i>This expenditure will be financed from:</i>		
	- Government Grants	151 247 022	58 712 860
	- Equitable share grants	52 536 917	95 315 126
		<b>203 783 939</b>	<b>154 027 986</b>
<b>26</b>	<b>CASH GENERATED BY OPERATIONS</b>		
	Surplus/(deficit) for the year	172 197 873	242 748 180
	Adjustment for:-		
	Other revenue	(17 163 121)	(779 502)
	Depreciation and amortisation	43 262 258	40 648 549
	Changes on fair value adjustment	489 670	(968 939)



**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
Inventories: (Write-down) / reversal of write-down to net realisable value		-	3 965
Impairment of assets		(2 851 214)	14 938 090
Debt impairment loss		24 623 705	52 539 917
Contribution to provisions - current		-	
Changes on disposal of assets		754 353	700 801
<b>Operating surplus before working capital changes:</b>		<b>221 313 523</b>	<b>349 831 062</b>
<b>CASH GENERATED BY OPERATIONS</b>			
(Increase)/decrease in inventories		(2 867 416)	(778 542)
(Increase)/decrease in other receivables		(34 518 484)	(46 572 432)
Increase/(decrease) in conditional grants and receipts		23 446 798	(5 693 636)
Increase/(decrease) in provisions		3 274 007	8 202 488
Increase/(decrease) in trade payables		30 062 951	(56 753 619)
<b>Cash generated by/(utilised in) operations</b>		<b>240 711 379</b>	<b>248 235 320</b>
<b>27 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>			
<b>27.1 <i>Unauthorised expenditure</i></b>			
Opening balance		18 058 547	-
Unauthorised expenditure current year		-	18 058 547
Total awaiting authorisation		<b>18 058 547</b>	<b>18 058 547</b>
<b>27.2 <i>Irregular expenditure</i></b>			
Opening balance		97 804 755	74 825 588
Irregular expenditure current year		9 504 030	22 979 167
Irregular expenditure awaiting condonement		<b>107 308 785</b>	<b>97 804 755</b>

The irregular expenditure of R9 504 030 is as a result of appointments made in the 11/12 financial year that are in the process completion in the 13/14 financial year.

The above expenditure was mainly due to the payments of the final retention certificates after completion of the projects.

Capricorn District Municipality  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
27.3	<u>Fruitless and wasteful expenditure</u>		
	Opening balance	173 570	13 044 482
	Fruitless and wasteful expenditure current year	413 312	97 241
	Condoned or written off by Council	-	(12 968 153)
	Irregular expenditure awaiting condonement	<b>586 882</b>	<b>173 570</b>
<b>28</b>	<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
28.1	<u>Audit fees</u>		
	Opening balance	744	-
	Current year audit fee	2 545 191	2 127 188
	Amount paid - current year	(2 545 935)	(2 126 444)
		<b>-</b>	<b>744</b>
28.2	<u>PAYE and UIF</u>		
	Opening balance	(272 419)	-
	Current year payroll deductions	28 482 638	28 205 639
	Amount paid - current year	(28 210 219)	(28 478 058)
		<b>-</b>	<b>(272 419)</b>
28.3	<u>Pension and Medical Aid Deductions</u>		
	Opening balance	-	-
	Current year payroll deductions	31 976 908	39 883 846
	Amount paid - current year	(31 976 908)	39 883 846
		<b>-</b>	<b>-</b>
28.4	<u>Contributions to local government - SALGA</u>		
	Opening balance	1 737 965	1 511 864
	Current year contributions	(1 737 965)	(1 511 864)
		<b>-</b>	<b>-</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
28.5	<u>Deviations</u>		
	In terms of section 36 of the Municipal Supply Chain Management Regulations, any deviation from supply chain management policy needs to be approved/condoned by the Municipal Manager, and noted by Council. The expenses incurred, as listed below, have been approved/condoned by the City Manager and noted by Council.		
	<b>Incident</b>		
	Supply and Delivery of SUV Vehicle	526 800	
	Employee wellness	264 900	
	Exhibition stores	30 000	
	Construction of VIP Toilets	339 772	
	Installation of cascade system	107 108	
	Training	73 000	
	Construction of Stand	68 238	
	Data Link	161 664	
	Inline Disinfection project	121 786	
	Water safety and security plans project	162 450	
		<b><u>1 855 718</u></b>	

28.6 Non-Disclosure of interest  
The following interests exists between the service providers doing business with the municipality and officials employed by the municipality

Position Held	Connected persons	
Researcher	M L Lesufi M.P	112 530
Senior Accountant: Budget & Treasury	Ramutsindela	32 900
		<b><u>145 430</u></b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>29</b>	<b>CONTINGENT LIABILITY</b>		
29.1	<u>Claim for damages</u> The Municipality has a Contingent liability of R21 765 406.83 due to it being sued by service providers due to damages arising from payments alleged to be outstanding Council is contesting the claim based on legal advice. Most court date has not yet been set. Should Council be unsuccessful in defending the claims, there is a possibility that the claim will be settled.		
	M.Tech Rustenburg	16 175 619	
	Themashi Business Enterprise	2 729 178	
	BC Viljoen	140 032	
	Storm Fencing	585 023	
	ALS BEE	170 816	
	T. Phogole/ CDM	231 380	
	Qualis Consulting	1 733 360	
		<b>21 765 409</b>	
29.2	<i>Guarantee held by Eskom with regard to electricity accounts amounting to R294 600</i>		
29.3	<i>Wage curve based on the outcome of the court case between SALGA and the Unions amounting to R 714 314</i>		
<b>30</b>	<b>RELATED PARTIES</b>		
	*Remuneration for members of key management - <i>Note 16</i>		
	*Post employment benefit plan for employees of municipality and/or other related parties - <i>Note 10.3 and 13.2</i>		
	*Compensation to councillors - <i>Note 19</i>		
	*Contributions to organized Local Government - <i>Note 26.4</i>		

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>31 GENERAL EXPENSES</b>			
<i>Included in general expenses are the following:-</i>			
Advertising		2 391 996	1 740 159
Admin fees		2 061 202	1 303 805
Audit fees		2 545 191	2 127 188
Bank charges		219 155	145 742
Bursaries		1 657 493	1 168 881
Cleaning		368 519	324 023
Conferences and meetings		3 119 314	2 636 308
Groceries		272 466	13 163
Catering and Refreshments		112 147	346 602
Financial management		15 934 379	13 825 373
Fleet payments and public transport		8 053 958	8 366 582
Insurance		870 392	1 775 275
Legal expenses		1 839 330	1 381 551
Levies paid		-	-
Membership fees		2 005 929	1 555 359
Operational projects	31.1	28 472 727	23 886 262
Postage		8 698	6 359
Printing and stationery		985 838	770 525
Professional fees		5 178 015	16 363 516
Rental of buildings		3 369 816	2 798 142
Rental of office equipment		560 132	273 418
Security costs		4 776 232	4 062 123
Skills development levies		1 666 695	1 396 085
Subscription & publication		1 146 271	906 021
Telephone cost		2 628 217	3 702 712
Training		2 856 513	2 015 531
Travel and subsistence		10 556 264	6 437 987
Uniforms & overalls		135 333	160 802
Water and Sanitation	31.2	31 433 088	32 562 599
		<b>135 225 310</b>	<b>132 052 093</b>
<b>31.1 Operational projects</b>			
Electrifications -Infrastructure		15 685 761	11 375 681
Environmental projects		1 207 630	932 461
Computer Services		3 886 861	3 090 930
Stakeholder Participation		2 772 571	1 565 984
Other projects		4 919 905	6 921 206
		<b>28 472 727</b>	<b>23 886 262</b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
31.2	<u>Water and Sanitation</u>		
	Free Basic Water	13 162 032	13 824 914
	Water Quality Projects	1 920 274	1 260 811
	Household sanitation	15 579 275	16 381 905
	Other water related projects	771 506	1 094 969
		<b>31 433 088</b>	<b>32 562 599</b>

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

In using estimates a number of assumptions are required. GRAP 1 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 1 and in discussion with the professional consultants.

The assumptions should be realistic and mutually compatible. The difference between the assumptions drives the estimate and it is very important to monitor how this difference changes from one year's estimate to the next.

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
  - \* Impairment of assets
- \* Provision for long-term service award and medical aid benefits

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	<b>Note</b>	<b>2014</b> <b>R</b>	<b>2013</b> <b>R</b> <b>Restated <sup>1</sup></b>
<p>The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:</p> <ul style="list-style-type: none"><li>* Impairment of assets</li><li>* Provisions</li></ul>			

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>33</b>	<b>RISK MANAGEMENT</b>		
33.1	<p><u>Maximum credit risk exposure</u></p> <p>Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.</p> <p>Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.</p>		
33.2	<p><u>Liquidity risk</u></p> <p>The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.</p> <p>Cash flow forecasts are prepared.</p>		
33.3	<p><u>Interest rate risk</u></p> <p>As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.</p>		



**Capricorn District Municipality**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
	<p><i>OR</i></p> <p>The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.</p>		
<b>34</b>	<p><b>IMPAIRMENT LOSS</b></p> <p>During the year an impairment test, was performed on all categories of Property, Plant and Equipment. The method which was used to determine the recoverable amount was the higher of fair value less costs and value in use. The impairment existed in the category of roads infrastructure.</p> <p><b>Fair value less damages and value in use</b></p> <p>Because the unbundling of the infrastructure assets was done recently, the value in use and the fair value was deemed to be the same, other than the fact that it can differ if the infrastructure has significant damages. As such the recoverable amount being the greater of fair value less cost and value in use, differed with each with the costs of damages of the said infrastructure.</p> <p>The engineer estimated the costs of damages of each class of infrastructure assets based on quoted prices available in the market to restore the infrastructure and the professional knowledge based on the industry norms.</p>	<p><b>2 851 214</b></p> <hr style="border-top: 3px double #000;"/>	<p><b>(14 938 090)</b></p> <hr style="border-top: 3px double #000;"/>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>35</b>	<b>REASSESSMENT LOSS</b>		
	GRAP 17 Paragraph 61 state that the residual value and the useful life of an asset shall be reviewed at least at each reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.		
	In the financial 2013-2014 an assessment was done however no adjustments were made and therefore no impairment loss was recognised.		
	<b><u>Reassessment</u></b>		
	Machinery and equipment / Office Equipment	-	1 415 264
	Furniture & Fittings	-	3 715 029
	Motor vehicles	-	159 000
	Computer equipment	-	737 866
	Buildings	-	1 649 714
		-	<b>7 676 873</b>
<b>36</b>	<b>COMPARISON WITH THE BUDGET</b>		
	The comparison of the Municipality's actual financial performance with that budgeted is set out in separate additional financial statements.		
	The budget is approved on an accrual basis using a classification based on the nature of expenses. The approved budget covers the period from 01 July 2013 to 30 June 2014. The budget and accounting basis are the same.		
<b>36.1</b>	<b><u>Revenue</u></b>		
	<b><i>Service Charges</i></b>		
	Billing increased with due to the cost recovery project that was implemented.		
	<b><i>Investment Revenue</i></b>		
	A higher return on investment was achieved than anticipated.		

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b><i>Transfers Recognised</i></b>			
Grants recognised is higher due to conditions being met from roll-over funds.			
<b><i>Other Own Revenue</i></b>			
Included in the budget for own revenue was funds due from SARS for VAT. These funds are recognised as debtors.			
36.2	<b><u>Expenditure</u></b>		
	<b><i>Employee related costs</i></b>		
	Not all positions were filled during the financial year.		
	<b><i>Remuneration of councillors</i></b>		
	Budget on councillors exceeded due to back pay of upper limits.		
37	<b>Changes in accounting estimates, errors and disclosure</b>		
	<b><u>2013 Accounting errors</u></b>		
	2013 Surplus for the period as previously reported		239 324 913
	Depreciation-buildings	37.1	(339 621)
	Other income	37.1	9 056 551
	Depreciation machinery and equipment	37.2	(3 131)
	Depreciation vehicles	37.2	1 697 520
	Depreciation fixtures and fittings	37.2	44 684
	Depreciation hardware	37.2	6 439
	Depreciation water infrastructure	37.2	(583 140)
	Gain actuarial valuation	37.3	(2 450 000)
	Depreciation roads	37.4	7 940 062
	Bank interest	37.5	13 510
	Boreholes electrification	37.6	745 570
	Loss on assets scrapped	37.6	(954 127)
	Derecognition of assets	37.6	(11 751 049)
	Water commission paid	37.7	520 285
	Sales Revenue Water	37.7	(520 285)
	2013 Surplus for the period as restated		<b><u>242 748 180</u></b>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
37.1	During 2013, buildings with a value of R 9 056 551 were donate to the municipality but not capitalised. Depreciation on these buildings amounted to R 339 621.		
37.2	Depreciation on machinery and equipment not correctly accounted for in 2013.		
37.3	There were discrepancies in the dates of employment in the valuation data's membership. The 2013 valuation data contained incorrect dates of employment for a number of employees. This caused the liability change by an increase of R 2 450 000		
	Accrued Liability as at 30 June 2013	7 295 000	6 147 000
	Current Service Cost (As calculated at 30 June 2013)	575 000	854 000
	Interest Cost (As calculated at 30 June 2013)	363 000	487 000
	Benefits Paid	(351 769)	(199 213)
	Account error	(2 450 000)	2 450 000
	Actuarial Loss/(Gain)	3 899 769	(2 443 787)
	Accrued Liability as at 30 June 2014	<b>9 331 000</b>	<b>7 295 000</b>
37.4	During 2010 capital expenditure incurred on the building of roads were capitalised as own assets. However during the current year it was gazetted that all district roads belong to Roads Agency Limpopo. These roads were subsequently de-recognised as assets.		
37.5	Bank interest for 2013 was understated and corrected.		
37.6	During 2013, borehole pumps with a value of R 745 570 were expensed under general expenses. This error was corrected by capitalising these pumps and writing of depreciation of R 3 107 in 2013.		

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
37.7	Water revenue and commission expense incorrectly accounted for in 2013.		
<b><u>2012 Accounting errors</u></b>			
	2012 Retained surplus as previously reported		1 356 570 135
	Roads	37.4	(288 892 982)
	Accumulated Depreciation Roads	37.4	83 175 502
	Accumulated depreciation - machinery and equipment	37.8	6 263
	Accumulated Depreciation - Hardware IT	37.8	2 284
	Accumulated depreciation - motor vehicles	37.8	6 343 107
	Accumulated depreciation - fixtures and fittings	37.8	(64 796)
	Fixtures and fittings impairments	37.8	81 252
	Accumulated Depreciation Water Infrastructure Assets	37.8	(1 422 015)
	Accumulated Depreciation Sanitation Infrastructure Asset	37.8	(390 778)
	Machinery and equipment	37.9	3 238
	Hardware - IT	37.9	9 135
	Fixtures and fittings	37.9	(113 593)
	Water Infrastructure Assets	37.9	4 851 373
	Revaluation reserve	37.10	1 987 998
	Water Debtors	37.11	(520 285)
	Assets under construction	37.12	(15 543 774)
	Retention Creditors	37.13	(3 280 769)
	Input tax	37.14	(1 363)
	Accounts payable-misc income	37.14	3 447
	<b>2012 Retained surplus restated</b>		<b><u><u>1 142 803 380</u></u></b>

37.8 The error was as a result of additional assets identified from the asset verification that was not previously on the asset register and misallocations between the asset classes.

In addition, the motor vehicles had to be reassessed for useful life's from the prior financial years.

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
37.9	<p>Cost of assets not previously accounted for corrected:</p> <p>The prior year difference was as a result of diesel engines and and electrical motors that were not previously included in the annual financial statements.</p> <p>Correction of mathematical errors in accumulated depreciation in sanitation asset class.</p> <p>The error was as a result of additional assets identified from the asset verification that was not previously on the asset register and misallocations between the asset classes.</p>		
37.10	Revaluation reserve incorrectly accounted for in 2010/11		
37.11	Water debtors correction incorrectly accounted for in 2012		
37.12	Assets under construction derecognised during 2012		
37.13	Retention creditors under stated in 2012 corrected		
37.14	<p>Sundry items incorrectly accounted for in 2012.</p> <p>During 2014 SARS refunded CDM R1 363 for VAT Input that related to 2011.</p> <p>The error was as a result of additional assets identified from the asset verification that was not previously on the asset register and misallocations between the asset classes</p>		

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
37.15	<u>Changes in disclosure of comparative information</u> The following disclosure in comparative information was		
	<b><i>Employee related costs as previously reported</i></b>		176 960 751
	<u>Contributions for UIF, pensions and medical aids</u>		
	Union levies to be disclosed as part of other employee related costs		(32 497)
	<u>Travel, motor car, subsistence and other allowances</u>		8 159 439
	Overtime premiums disclosed as part of ravel, motor car, subsistence and other allowances		(5 573 652)
	Car allowances was disclosed as part of other employee related costs		13 733 091
	<u>Overtime payments</u>		4 916 822
	Overtime premiums disclosed as part of ravel, motor car, subsistence and other allowances		5 573 652
	Special allowance disclosed as part of overtime payments		(656 830)
	<u>Other employee related costs</u>		(12 803 332)
	Union levies to be disclosed as part of other employee related costs		32 497
	Special allowance disclosed as part of overtime payments		656 830
	Employee assistant programme disclosed as part of other general expenses		240 432
	Car allowances was disclosed as part of other employee related costs		(13 733 091)
	<b>Employee related costs restated</b>		<b>177 201 183</b>
	<u>Debt impairment as previously reported on face of statement of financial performance</u>		-
	Debt impairment as previously reported as part of general expenses		52 539 917

Capricorn District Municipality  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>Debt impairment restated on face of statement of financial performance</b>			<b>52 539 917</b>
<u>Repairs and maintenance as previously reported</u>			3 732 382
Repairs and maintenance previously reported as other general expenses			66 000
Repairs and maintenance previously reported as other general expenses			101 724
Repairs and maintenance previously reported as other general expenses			14 733 294
<b>Repairs and maintenance restated</b>			<b>18 633 400</b>
<u>Finance cost as previously reported</u>			213 451
Other interest and similar expenses previously reported as part of general expenditure			97 241
<b>Finance cost restated</b>			<b>310 692</b>
<u>Contracted services as previously reported on face of statement of financial performance</u>			4 818 723
Contracted services reported as part of general expenses			(4 818 723)
<b>Contracted services on face of statement of financial performance restated</b>			<b>-</b>
<u>Grants and subsidies paid as previously reported</u>			800 000
O&M Transfers previously reported as part of general expenses			7 185 645
<b>Grants and subsidies paid restated</b>			<b>7 985 645</b>
<u>General expenses as previously reported</u>			199 528 218
Employee assistant programme disclosed as part of other general expenses			(240 432)
Debt impairment reported on the statement of financial performance			(52 539 917)
Repairs and maintenance reported on the statement of financial performance			(14 901 018)



**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
Other interest and similar expenses reported as finance cost			(97 241)
Contracted services reported as part of general expenses			4 818 723
O&M Transfers previously reported as part of general expenses			(7 185 645)
Loss from external product price differences			(1 334)
Gain-inventory differences			26 782
Gain -valuation			3 418 939
Accounting error			(745 570)
Loss-inventory differences			(29 413)
			<u><u><b>132 052 093</b></u></u>

**Capricorn District Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ending 30 June 2014

---

	Note	2014 R	2013 R Restated <sup>1</sup>
<b>38</b>	<b>Distribution loss</b>		
	Net loss in Rands	<u>18 143 987</u>	<u>18 447 043</u>
	% Loss on purchases of water	<u>31.88%</u>	<u>36.52%</u>

There is 5% reduction on loss due to cost recovery being implemented and operations and maintenance of infrastructure assets

**Capricorn District Municipality**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2014

2014	Cost / Revaluation				Accumulated Depreciation and Impairments					Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	
<b>Land</b>	11 861 500	-	-	11 861 500	-	-	-	-	-	11 861 500
<b>Buildings</b>	70 704 654	-	-	70 704 654	(13 438 045)	(2 318 880)	-	-	(15 756 925)	54 947 729
<b>Infrastructure</b>										
Sewerage Mains & Purification	24 674 582	2 987 114	-	27 661 696	(6 391 026)	(1 329 637)	-	-	(7 720 663)	19 941 034
Electricity Peak Load Equipment	1 491 695	-	-	1 491 695	(408 727)	(243 438)	-	-	(652 165)	839 530
Water Mains & Purification	1 202 911 980	134 471 029	(387 869)	1 336 995 140	(343 996 680)	(28 324 759)	22 581	3 938 911	(368 359 947)	968 635 193
Under construction	334 558 811	194 007 138	(136 747 504)	391 818 445	-	-	-	-	-	391 818 445
	<b>1 563 637 068</b>	<b>331 465 281</b>	<b>(137 135 373)</b>	<b>1 757 966 976</b>	<b>(350 796 432)</b>	<b>(29 897 834)</b>	<b>22 581</b>	<b>3 938 911</b>	<b>(376 732 775)</b>	<b>1 381 234 202</b>
<b>Other Assets</b>										
Office Equipment	6 754 312	575 210	(27 918)	7 301 603	(2 462 909)	(1 064 598)	15 742	-	(3 511 765)	3 789 839
Furniture & Fittings	10 169 641	2 224 584	(847 776)	11 546 448	(3 616 180)	(1 461 984)	378 105	(1 087 697)	(5 787 756)	5 758 692
Motor vehicles	44 291 800	2 631 177	(476 557)	46 446 421	(13 164 924)	(4 488 057)	419 262	-	(17 233 720)	29 212 701
Computer Equipment	6 531 261	1 559 245	(322 218)	7 768 288	(1 818 048)	(962 462)	142 037	-	(2 638 474)	5 129 815
	<b>67 747 014</b>	<b>6 990 216</b>	<b>(1 674 470)</b>	<b>73 062 761</b>	<b>(21 062 061)</b>	<b>(7 977 102)</b>	<b>955 146</b>	<b>(1 087 697)</b>	<b>(29 171 714)</b>	<b>43 891 046</b>
<b>Finance Lease Assets</b>	6 925 994	4 264 743	(4 964 107)	6 226 630	(5 865 710)	(2 156 399)	4 875 599	-	(3 146 509)	3 080 121
<b>Total</b>	<b>1 720 876 230</b>	<b>342 720 241</b>	<b>(143 773 950)</b>	<b>1 919 822 521</b>	<b>(391 162 248)</b>	<b>(42 350 214)</b>	<b>5 853 325</b>	<b>2 851 214</b>	<b>(424 807 923)</b>	<b>1 495 014 598</b>

**Capricorn District Municipality**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2014

2013	Cost / Revaluation				Accumulated Depreciation and Impairments					Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/ Reversal impairment loss	Closing Balance	
	R	R	R	R	R	R	R	R	R	
<b>Land</b>	11 861 500	-	-	11 861 500	-	-	-	-	-	11 861 500
<b>Buildings</b>	61 466 933	9 237 721	-	70 704 654	(11 234 923)	(2 203 122)	-	-	(13 438 045)	57 266 609
<b>Infrastructure</b>										
Sewerage Mains & Purification	24 674 582	-	-	24 674 582	(4 915 485)	(1 475 541)	-	-	(6 391 026)	18 283 556
Electricity Peak Load Equipment	1 491 695	-	-	1 491 695	(204 363)	(204 363)	-	-	(408 727)	1 082 968
Water Mains & Purification Under construction	1 158 307 605	45 755 733	(1 151 358)	1 202 911 980	(305 074 411)	(25 895 458)	361 114	(13 387 924)	(343 996 680)	858 915 301
	135 078 701	251 030 446	(51 550 336)	334 558 811	-	-	-	-	-	334 558 811
	<b>1 319 552 583</b>	<b>296 786 179</b>	<b>(52 701 694)</b>	<b>1 563 637 068</b>	<b>(310 194 259)</b>	<b>(27 575 362)</b>	<b>361 114</b>	<b>(13 387 924)</b>	<b>(350 796 432)</b>	<b>1 212 840 636</b>
<b>Other Assets</b>										
Office Equipment Furniture & Fittings	5 227 795	1 526 517	-	6 754 312	(1 490 638)	(975 402)	3 131	-	(2 462 909)	4 291 403
Motor vehicles	7 797 113	2 372 528	-	10 169 641	(730 226)	(2 885 955)	-	-	(3 616 180)	6 553 460
Computer Equipment	40 815 038	3 895 963	(419 200)	44 291 800	(9 362 055)	(4 354 023)	48 907	502 248	(13 164 924)	31 126 876
	5 070 746	1 518 329	(57 813)	6 531 261	(1 229 872)	(721 119)	36 116	96 826	(1 818 048)	4 713 213
	<b>58 910 690</b>	<b>9 313 336</b>	<b>(477 013)</b>	<b>67 747 014</b>	<b>(12 812 790)</b>	<b>(8 936 499)</b>	<b>88 154</b>	<b>599 074</b>	<b>(21 062 061)</b>	<b>46 684 953</b>
<b>Finance Lease Assets</b>	6 925 994	-	-	6 925 994	(5 211 747)	(653 963)	-	-	(5 865 710)	1 060 285
<b>Total</b>	<b>1 458 717 701</b>	<b>315 337 236</b>	<b>(53 178 707)</b>	<b>1 720 876 230</b>	<b>(339 453 719)</b>	<b>(39 368 946)</b>	<b>449 268</b>	<b>(12 788 851)</b>	<b>(391 162 248)</b>	<b>1 329 713 982</b>