



Bojanala Platinum District Municipality
Annual Financial Statements
for the year ended 30 June 2014

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	District Municipality
Mayoral committee	
Executive Mayor	Cllr LJR Diremelo Cllr G Mtshali Cllr MA Molekwa
Councillors	Cllr A Tlhapi Cllr M Mmatlwa Cllr PT Marumola Cllr JJ Kgarimetsa Cllr O Molefi Cllr DMN Ngadi Cllr G Segodi Cllr LW Rampete Cllr AM Dolo Cllr R Seremane Cllr K Kgaswe Cllr G Hooghiemstra Cllr JJ Garikue Cllr GJ Smit Cllr PE Hendricks Cllr JM Mothibe Cllr KK Tlale Cllr RP Zwede Cllr DM Makhura Cllr P Maakane Cllr DM Makgamatho Cllr S Mathatho Cllr K Moraka Cllr DBS Mbekwa Cllr MB Khoza Cllr MJ Madise Cllr MA Mogale Cllr PP Mngomezulu Cllr H Ndlovu Cllr JM Radiokana Cllr MG Ramapotoka Cllr LMJ Tshite Cllr ML Zitha Cllr AR Ramokoka Cllr ETM Modise Cllr PN More Cllr M Serero Cllr EJ Barlow Cllr FJ Motepe Cllr J Sefudi Cllr CD Sekhoto Cllr EDF Lourens Cllr TS Bogale Cllr RD Lekoane

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General Information

Grading of local authority	5
Accounting Officer	I.K Sirovha
Chief Finance Officer (CFO)	M Jansen
Business address	Cnr. Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
Bankers	ABSA
Auditors	Auditor General of South Africa
Legislation	Municipal Finance Management Act Municipal Systems Act

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act

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Accounting Officer's Responsibilities and Approval

The Accounting Officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the Accounting Officer to meet these responsibilities, the Accounting Officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Accounting Officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page , which have been prepared on the going concern basis, were approved by the Accounting Officer on 29 August 2014 and were signed on its behalf by:

I.K Sirovha
Accounting Officer

Rustenburg
29 August 2014

Bojanala Platinum District Municipality

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Audit Committee Report

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2014.

1. Review of activities

Main business and operations

The municipality is engaged in the provision of services to communities in a sustainable manner within the boundaries of the Bojanala District and operates principally in South Africa .

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Bojanala Platinum District Municipality is a Category C municipality situated in the north-eastern part of North West Province.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Accounting Officer's interest in contracts

None have been identified.

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Statement of Financial Position as at 30 June 2014

Figures in Rand	Notes	2014	2013
Assets			
Current Assets			
Receivables from exchange transactions	2	1 639 420	1 239 564
VAT receivable	3	1 264 515	1 128 540
Cash and cash equivalents	4	3 983 710	2 589 274
		6 887 645	4 957 378
Non-Current Assets			
Property, plant and equipment	5	39 612 296	40 550 691
Intangible assets	13	-	2 618
		39 612 296	40 553 309
Non-Current Assets		39 612 296	40 553 309
Current Assets		6 887 645	4 957 378
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		46 499 941	45 510 687
Liabilities			
Current Liabilities			
Finance lease obligation	15	1 777 275	1 413 603
Payables from exchange transactions	6	31 365 146	21 623 487
Unspent conditional grants and receipts	8	-	2 882 285
Provisions	9	14 161 593	12 355 150
		47 304 014	38 274 525
Non-Current Liabilities			
Finance lease obligation	15	2 059 275	2 587 844
Non-Current Liabilities		2 059 275	2 587 844
Current Liabilities		47 304 014	38 274 525
Liabilities of disposal groups		-	-
Total Liabilities		49 363 289	40 862 369
Assets		46 499 941	45 510 687
Liabilities		(49 363 289)	(40 862 369)
Net Assets		(2 863 348)	4 648 318
Net Assets			
Reserves			
Revaluation reserve	14	742 657	792 713
Accumulated surplus		(3 606 005)	3 855 605
Total Net Assets		(2 863 348)	4 648 318

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Revenue from exchange transactions			
Other income	18	1 920 255	145 588
Interest received - investment	22	1 798 073	1 586 309
Total revenue from exchange transactions		3 718 328	1 731 897
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	17	263 398 645	249 305 000
		3 718 328	1 731 897
		263 398 645	249 305 000
Total revenue	16	267 116 973	251 036 897
Expenditure			
Personnel	20	(128 682 894)	(118 215 263)
Remuneration of councillors	21	(12 504 861)	(12 783 046)
Depreciation and amortisation	23	(6 656 994)	(7 143 971)
Finance costs	25	(354 798)	(47 515)
Repairs and maintenance	27	(2 259 529)	(2 902 749)
Contracted services	28	(10 924 630)	(11 812 565)
Grants and subsidies paid	29	(81 456 955)	(81 444 588)
General Expenses	19	(33 450 939)	(33 340 525)
Total expenditure		(276 291 600)	(267 690 222)
		-	-
Total revenue		267 116 973	251 036 897
Total expenditure		(276 291 600)	(267 690 222)
Operating deficit		(9 174 627)	(16 653 325)
Loss on disposal of assets	24	(840 991)	-
Deficit before taxation		(10 015 618)	(16 653 325)
Taxation		-	-
Deficit for the year		(10 015 618)	(16 653 325)

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Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	842 769	27 677 224	28 519 993
Adjustments			
Correction of errors	-	(7 218 350)	(7 218 350)
Balance at 01 July 2012 as restated*	842 769	20 458 874	21 301 643
Changes in net assets			
Transfer of revaluation reserve	(50 056)	50 056	-
Net income (losses) recognised directly in net assets	(50 056)	50 056	-
Deficit for the year	-	(16 653 325)	(16 653 325)
Total recognised income and expenses for the year	(50 056)	(16 603 269)	(16 653 325)
Total changes	(50 056)	(16 603 269)	(16 653 325)
Balance at 01 July 2013	792 713	3 855 605	4 648 318
Changes in net assets			
Transfer from revaluation reserve	(50 056)	50 056	-
Prior year adjustments	-	2 503 952	2 503 952
Net income (losses) recognised directly in net assets	(50 056)	2 554 008	2 503 952
Deficit for the year	-	(10 015 618)	(10 015 618)
Total recognised income and expenses for the year	(50 056)	(7 461 610)	(7 511 666)
Total changes	(50 056)	(7 461 610)	(7 511 666)
Balance at 30 June 2014	742 657	(3 606 005)	(2 863 348)

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Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Notes	2014	2013
Cash flows from operating activities			
Receipts			
Interest income		1 798 073	1 586 309
Grants received		263 398 645	244 268 090
Other receipts		1 920 225	145 587
		<u>267 116 943</u>	<u>245 999 986</u>
Payments			
Employee costs		(142 736 443)	(130 998 309)
Suppliers		(117 130 288)	(99 869 464)
Finance costs		(354 798)	(47 515)
		<u>(260 221 529)</u>	<u>(230 915 288)</u>
Total receipts		267 116 943	245 999 986
Total payments		(260 221 529)	(230 915 288)
Net cash flows from operating activities	10	6 895 414	15 084 698
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(5 307 208)	(12 922 271)
Proceeds from sale of property, plant and equipment	5	706 260	-
Net cash flows from investing activities		(4 622 268)	(12 922 271)
Cash flows from financing activities			
Finance lease payments		(878 710)	(195 758)
Net increase/(decrease) in cash and cash equivalents		1 394 436	1 966 669
Cash and cash equivalents at the beginning of the year		2 589 274	622 605
Cash and cash equivalents at the end of the year	4	3 983 710	2 589 274

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Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	140 000	-	140 000	1 920 255	1 780 255	Due to VAT realised.
Interest received - investment	851 188	-	851 188	1 798 073	946 885	Interest on additional funds not projected during the financial year
Total revenue from exchange transactions	991 188	-	991 188	3 718 328	2 727 140	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	254 284 000	(21 000)	254 263 000	263 398 645	9 135 645	Additional allocation not expected was made after the approval of the adjustment budget.
'Total revenue from exchange transactions'	991 188	-	991 188	3 718 328	2 727 140	
'Total revenue from non-exchange transactions'	254 284 000	(21 000)	254 263 000	263 398 645	9 135 645	
Total revenue	255 275 188	(21 000)	255 254 188	267 116 973	11 862 785	
Expenditure						
Personnel	(123 393 154)	2 280 000	(121 113 154)	(128 682 894)	(7 569 740)	
Remuneration of councillors	(13 552 360)	1 000 000	(12 552 360)	(12 504 861)	47 499	
Depreciation and amortisation	(1 749 000)	-	(1 749 000)	(6 656 994)	(4 907 994)	Due to finance lease equipment, leased this financial year
Finance costs	-	-	-	(354 798)	(354 798)	
Repairs and maintenance	(2 023 828)	(130 000)	(2 153 828)	(2 259 529)	(105 701)	Due to aging vehicles which needed more repairs than expected

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Contracted services, Grants & Subsidies Paid, and General Expenses	(111 274 101)	(2 742 000)	(114 016 101)	(125 832 524)	(11 816 423)	Strengthening of Internal controls on the usage of general expense votes or council resources
Total expenditure	(251 992 443)	408 000	(251 584 443)	(276 291 600)	(24 707 157)	
	255 275 188	(21 000)	255 254 188	267 116 973	11 862 785	
	(251 992 443)	408 000	(251 584 443)	(276 291 600)	(24 707 157)	
Operating deficit	3 282 745	387 000	3 669 745	(9 174 627)	(12 844 372)	
Loss on disposal of assets and liabilities	-	-	-	(840 991)	(840 991)	Unexpected disposal not budgeted for
	3 282 745	387 000	3 669 745	(9 174 627)	(12 844 372)	
	-	-	-	(840 991)	(840 991)	
Deficit before taxation	3 282 745	387 000	3 669 745	(10 015 618)	(13 685 363)	
Surplus before taxation	3 282 745	387 000	3 669 745	(10 015 618)	(13 685 363)	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	3 282 745	387 000	3 669 745	(10 015 618)	(13 685 363)	

Reconciliation

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Position						
Assets						
Non-Current Assets						
Buildings	2 000 000	-	2 000 000	2 545 664	545 664	Additional work had to be done at the new building to prepare for Sod Turning
Furniture and fittings	355 000	429 000	784 000	870 670	86 670	The move from Info Mangement Centre necessitated the purchase of new furniture and this was not anticipated during the budget process
Emergency Equipments	-	-	-	4 825	4 825	The need for emergency equipment was only identified after the budget process was finalised
Office Equipment	-	-	-	1 213 543	1 213 543	There was a need to replace office equipments that got damaged by the water that flooded because of the geyser that bursted
Vehicles	-	-	-	693 826	693 826	The decision to buy new vehicles was only taken after the budget was finalised
Leased Equipment	-	-	-	5 403 170	5 403 170	Leased equipment was provided for in the Rental of office machines budget
Other assets	1 000 000	(450 000)	550 000	-	(550 000)	
	3 355 000	(21 000)	3 334 000	10 731 698	7 397 698	
Non-Current Assets	-	-	-	6 887 645	6 887 645	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Current Assets	3 355 000	(21 000)	3 334 000	10 731 698	7 397 698	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	3 355 000	(21 000)	3 334 000	17 619 343	14 285 343	
Liabilities						
	-	-	-	47 304 015	47 304 015	
	-	-	-	2 059 275	2 059 275	
	-	-	-	-	-	
Total Liabilities	-	-	-	49 363 290	49 363 290	
Assets	3 355 000	(21 000)	3 334 000	17 619 343	14 285 343	
Liabilities	-	-	-	(49 363 290)	(49 363 290)	
Net Assets	3 355 000	(21 000)	3 334 000	(31 743 947)	(35 077 947)	

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated. Under this basis the effects of transactions and other events are recognised when they occur and are recorded in the financial statements within the period to which they relate. Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by an accounting standard.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notices 991 of 2005 and General Notice 516 of 2008

These standards are summarised as follows:

GRAP 1: Presentation of financial statements.

GRAP 2: Cash flow statements.

GRAP 3: Accounting policies, changes in accounting estimates and errors.

GRAP 4: The effects of changes in foreign exchange transactions.

GRAP 5: Borrowing costs.

GRAP 6: Consolidated and separate financial statements.

GRAP 7: Investments in associates.

GRAP 8: Interests in joint ventures.

GRAP 9: Revenue from exchange transactions.

GRAP 10: Financial reporting in hyperinflationary economies

GRAP 11: Construction contracts.

GRAP 12: Inventories.

GRAP 13: Leases.

GRAP 14: Events after reporting date.

GRAP 16: Investment property.

GRAP 17: Property, plant and equipment.

GRAP 18: Segment reporting

GRAP 19: Provisions, contingent liabilities, and contingent assets.

GRAP 21: Impairment of non-cash generating assets

GRAP 23: Revenue from non-exchange transactions (taxes and transfers)

GRAP 24: Presentation of budget information

GRAP 25: Employee Related Cost

GRAP 26: Impairment of Cash generating assets

GRAP 100: Non-current assets held for sale and discontinued operations.

GRAP 101: Agriculture.

GRAP 102: Intangible assets.

GRAP 103: Heritage assets

GRAP 104: Financial instruments

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

The accounting framework for 2013/2014:

There are no general exemptions from specific standards or aspects of accounting standards and the Municipality comply fully with the accounting framework set out in Directive 5 of the Accounting Standards Board.

Consideration was given to Accounting Standards approved but not yet effective:

A number of new standards are not yet effective for the year ended 30 June 2014, and are presented below:

- GRAP 18 - Segment Reporting
- GRAP 20 - Related Party Disclosures
- GRAP 32 - Service Concession Arrangements: Grantor
- GRAP 105 - Transfer of function for entities under common control
- GRAP 106 - Transfer of function for entities not under common control

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

- GRAP 107 - Mergers
- GRAP 108 - Statutory Receivables

All the above standards, where applicable, will be complied with in the financial statements once the effective date has been reached.

GRAP 1 has also been considered, but since Revenue from Exchange Transactions constitutes an insignificant contribution to the revenue of the municipality, this standard will have a negligible effect on the financial statements.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions. Provisions are measured using managements best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge.

1.4 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured 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 management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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.

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment , the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment , where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Property, plant and equipment (continued)

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is subsequently measured at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which are carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30-50 years
Furniture and fixtures	6-10 years
Office equipment	5-11 years
Security Equipment	5-8 years
Other property, plant and equipment	
• Vehicles	5-12 years
• Plant and Equipment	5-10 years
• Emergency Equipment	5-12 years
Finance Lease Assets	
• Office Equipment	3 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.4 Property, plant and equipment (continued)

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

1.5 Intangible assets

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Licenses and franchises	3 years
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Financial instruments (continued)

Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period..

Receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Held-to-maturity investments are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends received on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the municipality's right to receive payment is established.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in surplus or deficit, while translation differences on non-monetary items are recognised in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each 30 June 2014 the municipality assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.6 Financial instruments (continued)

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as receivables at amortised cost.

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

1.7 Tax

VAT

The municipality accounts for VAT on the payment basis.

1.8 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.8 Impairment of non-cash-generating assets (continued)

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- (a) the period of time over which an asset is expected to be used by the municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

1.9 Employee benefits

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.

1.10 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Contingent liabilities are liabilities that will only become payable by the municipality should some other event occur. Because the liability is not a real one for the municipality (the actual amount of the liability may not have been established) until the occurrence of the other event it cannot be accounted for in the statement of financial position and so any contingent liabilities are listed in the notes to the financial statements.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 11.

1.11 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.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.11 Revenue from exchange transactions (continued)

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

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

Measurement

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

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.12 Revenue from non-exchange transactions (continued)

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

1.13 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.16 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.16 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity'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.

1.17 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.18 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.19 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

1.20 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

1.21 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013/07/01 to 2014/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.22 Related parties

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

2. Receivables from exchange transactions

Staff debtors	217 345	893 751
Unidentified deposits	345 813	345 813
Salary suspense account	305 229	-
Insurance debtor	771 033	-
	1 639 420	1 239 564

3. VAT receivable

VAT	1 264 515	1 128 540
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The municipality is registered on the payment basis. This means VAT is paid over to SARS only once cash is received or actual payments are made.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 977	1 977
Bank balances	3 980 573	2 586 137
Short-term deposits	1 160	1 160
	3 983 710	2 589 274

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from day to day.

Management of the municipality is of the opinion that the carrying value of the bank balance and cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of bank balance and cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and the financial institutions.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2014	30 June 2013	30 June 2012	30 June 2014	30 June 2013	30 June 2012
ABSA- 11-3150-0277	3 978 573	2 584 137	659 445	(6 521 311)	(6 786 478)	619 445
ABSA - 11-2000-0272	2 000	2 000	2 000	2 000	2 000	2 000
ABSA - 90-8451-8967	1 160	1 160	1 160	1 160	1 160	1 160
Total	3 981 733	2 587 297	662 605	(6 518 151)	(6 783 318)	622 605

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

5. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and Buildings	11 160 400	-	11 160 400	11 160 400	-	11 160 400
Buildings	5 803 632	(2 580 858)	3 222 774	5 803 632	(2 269 920)	3 533 712
Plant and machinery	1 486 750	(592 333)	894 417	1 486 750	(302 062)	1 184 688
Furniture and fixtures	5 857 970	(3 057 651)	2 800 319	5 023 598	(2 369 977)	2 653 621
Motor vehicles	22 273 057	(12 778 224)	9 494 833	22 371 226	(11 505 766)	10 865 460
Office equipment	10 951 355	(7 802 726)	3 148 629	13 943 427	(9 388 119)	4 555 308
Emergency equipment	1 158 286	(984 819)	173 467	1 153 462	(975 783)	177 679
Leased Equipment	5 403 177	(1 449 825)	3 953 352	4 456 907	(276 845)	4 180 062
Work in Progress	4 764 105	-	4 764 105	2 239 761	-	2 239 761
Total	68 858 732	(29 246 436)	39 612 296	67 639 163	(27 088 472)	40 550 691

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land and Buildings	11 160 400	-	-	-	11 160 400
Buildings	3 533 712	-	-	(310 938)	3 222 774
Plant and machinery	1 163 367	-	-	(290 270)	894 417
Furniture and fixtures	2 653 619	870 670	(9 103)	(714 867)	2 800 319
Motor vehicles	10 865 460	1 333 826	(979 522)	(1 724 931)	9 494 833
Office equipment	4 576 631	1 213 543	(536 074)	(2 105 471)	3 148 629
Emergency equipment	177 679	4 825	-	(9 037)	173 467
Leased Equipment	4 180 062	1 302 067	(29 918)	(1 498 859)	3 953 352
Work in Progress	2 239 761	2 524 344	-	-	4 764 105
	40 550 691	7 249 275	(1 554 617)	(6 654 373)	39 612 296

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Land and Buildings	1 300 000	9 860 400	-	11 160 400
Buildings	5 803 632	-	(2 269 920)	3 533 712
Plant and Equipment	1 136 304	329 125	(302 062)	1 163 367
Furniture and fixtures	5 181 386	371 203	(2 369 980)	2 653 619
Motor vehicles	21 556 127	815 000	(11 505 667)	10 865 460
Office equipment	12 547 448	1 417 297	(9 388 114)	4 576 631
Emergency equipment	1 024 216	129 245	(975 782)	177 679
Leased Equipment	355 804	4 101 103	(276 845)	4 180 062
Work in Progress	-	2 239 761	-	2 239 761
	48 904 917	19 263 134	(27 088 370)	40 550 691

Included in the above property, plant and equipment is a total of 1681 assets with the cost price R4 710 588 which have been fully depreciated. An asset replacement plan has been implemented which will result in the replacement of these assets during the next financial year.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

6. Payables from exchange transactions

Trade payables	22 646 047	11 877 805
Retention	8 028 842	9 564 385
Other payables	523 400	400
Other creditors	166 857	180 897
	31 365 146	21 623 487

7. Financial instruments disclosure

Categories of financial instruments

2014

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	1 639 420	1 639 420
Cash and cash equivalents	3 983 710	3 983 710
	5 623 130	5 623 130

Financial liabilities

	At fair value	Total
Trade and other payables from exchange transactions	31 365 146	31 365 146

2013

Financial assets

	At fair value	Total
Trade and other receivables from exchange transactions	1 239 563	1 239 563
Cash and cash equivalents	2 589 274	2 589 274
	3 828 837	3 828 837

Financial liabilities

	At fair value	Total
Taxes and transfers payable (non-exchange)	21 623 487	21 623 487

Bojanala Platinum District Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2014 2013

8. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

FM Grant	-	77 305
Conditional Disaster Management Grant	-	683 001
Fire Support Grant	-	270 959
Expanded Public Works Grant	-	1 326 713
SETA Skills Development	-	178 020
IMMIS	-	765
Coordination Fee	-	306 976
Standard Bank Disaster Management Donation	-	5 497
Water Provision Maubane	-	33 049
Totals	-	2 882 285

Movement during the year

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited and unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note for reconciliation of grants from National/Provincial Government.

9. Provisions

Provisions

Provision for performance bonus	1 896 844	2 428 696
Provision for leave pay	12 264 749	9 926 454
	14 161 593	12 355 150

Reconciliation of provisions - 2014

	Opening Balance	Additions	Reversed during the year	Total
Provision for performance bonus	2 428 696	1 016 836	(1 548 688)	1 896 844
Provision for leave pay	9 926 454	2 338 295	-	12 264 749
	12 355 150	3 355 131	(1 548 688)	14 161 593

Reconciliation of provisions - 2013

	Opening Balance	Additions	Utilised during the year	Total
Provision for performance bonus	3 035 017	880 276	(1 486 597)	2 428 696
Provision for leave pay	6 353 497	3 572 957	-	9 926 454
	9 388 514	4 453 233	(1 486 597)	12 355 150

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
10. Cash generated from operations		
Deficit	(10 015 618)	(16 653 325)
Adjustments for:		
Depreciation and amortisation	6 656 994	7 143 971
Loss on sale of assets and liabilities	840 991	-
Finance costs - Finance leases	354 798	47 515
Movements in provisions	1 806 443	2 865 625
Other non-cash items	(1 954 021)	-
Changes in working capital:		
Receivables from exchange transactions	(399 856)	9 252 918
Payables from exchange transactions	9 741 658	8 425 168
VAT	(135 975)	9 039 738
Unspent conditional grants and receipts	-	(5 036 912)
	6 895 414	15 084 698
11. Contingencies		
Contingent liabilities		
Integrated fish farming and irrigation SA (PTY) LTD t/a Agriculture Project consulting (Ref. No. CIV 4276) - Investigation by Public Protector. The municipality was lodged with a claim for recovery of monies arising out of a procurement of goods and services and is still in process.	-	180 000
Wessels Vervoer CC (Ref. No. CIV 4313). The municipality was lodged with a claim for recovery of monies arising out of a procurement of goods and services and is still in process.	-	55 000
Neo Maape (Ref. No. CIV 3358) - Labour Dispute. The municipality was lodged with a claim for arbitration which is still in process.	-	89 925
H & J.O Brand (Ref. No. CIV4402). The municipality was lodged with a claim for recovery of monies arising out of a procurement of goods and services and is still in process.	-	85 000
Taupedi Security Services. The municipality was logged with a claim for recovery of money arising out of the termination of the contract of Taupedi Security Services.	300 000	-
DPI Plastics (Pty) ltd / Bojanala Platinum district municipality. Judgement obtained as warrant of execution has been issued. Our ref: CIV 4884. Claim based on cession. Case no: 1713/2013 - high court	150 000	-
D.J. Coetzee / Bojanala platinum district municipality. Pending claim for damages waiting for a trial date. Our ref: CIV 4368	300 000	-
Case no. 1589/11 - High Court Brand H & JP / Bojanala platinum district municipality Claim emanating from the damage caused by potholes	100 000	-
	850 000	409 925
Contingent assets		
Contingent assets		
Seripele and Dinkwanyane Trading CC - Civil Claim. The municipality has lodged a claim for recovery of monies arising out of a procurement of goods and services and is still in process.	450 000	150 000

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

12. Commitments

Authorised capital expenditure

Approved and Contracted for

• Infrastructure	25 944 652	8 160 078
• Community	-	-
• Other	-	-
	25 944 652	8 160 078

Not yet contracted for and authorised by accounting officer

• Infrastructure	-	-
• Community	-	-
• Other	-	-
	-	-

The municipality leased office buildings from Ligit Props and Triple Thusa Trading at an escalation rate of 10%.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	2 150 851	3 251 968
- in second to fifth year inclusive	270 072	2 420 923
	2 420 923	5 672 891

13. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	26 383	(26 383)	-	26 383	(23 765)	2 618

Reconciliation of intangible assets - 2014

	Opening balance	Depreciation	Total
Computer software	2 618	(2 618)	-

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	5 269	(2 651)	2 618

14. Revaluation reserve

Opening balance	792 713	842 769
Transfer of Revaluation Reserve	(50 056)	(50 056)
	742 657	792 713

Bojanala Platinum District Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2014	2013
15. Finance lease obligation		
Minimum lease payments due		
- within one year	1 777 275	1 413 603
- in second to fifth year inclusive	2 059 275	2 587 844
- later than five years	-	-
	<u>3 836 550</u>	<u>4 001 447</u>
Present value of minimum lease payments	<u>3 836 550</u>	<u>4 001 447</u>

The municipality leased photocopying machines from Consensus for a period of three years.

16. Revenue

Other income	1 920 255	145 588
Interest received - investment	1 798 073	1 586 309
Government grants & subsidies	263 398 645	249 305 000
	<u>267 116 973</u>	<u>251 036 897</u>

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income - (rollup)	1 920 255	145 588
Interest received - investment	1 798 073	1 586 309
	<u>3 718 328</u>	<u>1 731 897</u>

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Transfer revenue		
Government grants & subsidies	263 398 645	249 305 000

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
17. Government grants and subsidies		
Equitable share	251 246 000	239 064 000
SETA Skills Development	690 671	641 092
Financial Management Grant	1 327 305	1 172 224
Municipal Systems Improvement Grant	890 000	954 454
Expanded Public Works Programme	2 326 713	1 129 486
NW Department of Local Government & Traditional Affairs	3 000 000	-
National Lottery Development Trust Fund	1 000 000	982 000
Fire Support Grant	570 959	943 140
Coordination fees	306 976	-
Other grants	692 709	-
Disaster Management Grant	1 308 001	85 284
Intergrated Municipal Management Information System	765	3 135
Water Provision Maubane	33 048	3 177 085
Donation: Standard Bank	5 497	53 100
16 Days of activism	-	1 100 000
	263 398 644	249 305 000

Equitable Share

This unconditional grant is used as general revenue that is used to finance special projects and capital expenditure on behalf of local municipalities

Municipal Systems Improvement Grant

Balance unspent at beginning of year	-	(45 546)
Current-year receipts	890 000	1 000 000
Conditions met - transferred to revenue	(890 000)	(954 454)
	-	-

Conditions still to be met - remain liabilities (see note 8).

The purpose of the grant is to assist municipalities in building 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.

Financial Management Grant

Balance unspent at beginning of year	77 305	(471)
Current-year receipts	1 250 000	1 250 000
Conditions met - transferred to revenue	(1 327 305)	(1 172 224)
	-	77 305

Conditions still to be met - remain liabilities (see note 8).

The purpose of the grant is to promote and support reforms to financial management and the implementation of the MFMA.

Expandable Public Works Programme Grant

Balance unspent at beginning of year	1 326 713	1 044 199
Current-year receipts	1 000 000	1 412 000
Conditions met - transferred to revenue	(2 326 713)	(1 129 486)
	-	1 326 713

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
17. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 8).		
18. Other income		
Tender Document	243 635	111 044
Insurance Claim	12 027	-
Commission Income	1 588 075	34 216
Eskom Servitude	-	328
Fire by-laws	42 860	-
Other Income	33 658	-
	1 920 255	145 588
19. General expenses		
Advertising	1 838 088	1 758 029
Auditors remuneration	1 547 284	1 953 582
Bank charges	573 784	329 160
Computer expenses	5 282 738	3 918 598
Consulting and professional fees	3 254 965	4 187 094
Donations	-	410 244
Entertainment	1 238 513	1 217 709
Insurance	689 718	711 551
Fuel and oil	1 872 431	2 029 521
Printing and stationery	985 667	610 914
Protective clothing	65 060	134 451
Subscriptions and membership fees	1 289 705	1 551 018
Telephone and fax	4 096 684	3 596 550
Travel - local	7 048 399	3 178 307
Uniforms	44 240	534 659
Township development	167 761	162 346
Disaster Awareness Programs	186 851	-
Other expenses	3 269 051	7 056 792
	33 450 939	33 340 525

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
20. Employee related costs		
Basic	74 391 323	68 605 314
Bonus	35 188	-
Medical aid - company contributions	8 387 844	6 730 107
UIF	583 092	519 094
Contribution to Pension and Provident Fund	11 382 216	10 635 276
SDL	1 277 930	1 054 479
Performance bonus and provision staff leave	1 494 676	3 720 601
Overtime payments	5 647 177	4 700 297
Acting allowances	269 600	-
Car allowance	11 234 957	12 650 730
Housing benefits and allowances	3 479 074	2 469 387
Holiday Bonus	6 791 524	3 707 101
Contributions	24 286	23 348
Other Allowances	2 734 580	2 713 468
Cellphone Allowance	949 427	686 061
	128 682 894	118 215 263
Remuneration of Municipal Manager		
Annual Remuneration	533 722	454 510
Car Allowance	180 000	180 000
Other Allowances	804 000	804 000
Acting Allowance-Acting MM	19 388	-
	1 537 110	1 438 510
Remuneration of Chief Financial Officer		
Annual Remuneration	816 804	756 885
Car Allowance	214 000	214 000
Other Allowances	117 116	117 116
Acting Allowance-Acting CFO	22 194	18 930
	1 170 114	1 106 931
Remuneration of Director- Corporate Services		
Annual Remuneration	314 000	738 516
Car Allowance	120 000	108 000
Other Allowances	498 000	18 000
Acting Allowance-Acting Director Corporate	-	177 947
	932 000	1 042 463
Remuneration of Director-LED		
Annual Remuneration	358 000	666 572
Car Allowance	120 000	102 000
Other Allowances	390 000	18 000
Acting Allowance-Acting Director LED	-	109 932
	868 000	896 504
Remuneration of Director-Community Development Services		
Annual Remuneration	686 884	632 004
Car Allowance	144 000	144 000
Other Allowances	204 000	204 000
Acting Allowance-Acting Director Community	30 960	-

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
20. Employee related costs (continued)		
	1 065 844	980 004
Remuneration of Director- Technical Services		
Annual Remuneration	309 792	252 000
Car Allowance	300 000	300 000
Other Allowances	498 000	498 000
	1 107 792	1 050 000
Remuneration of Director- Community Environment		
Annual Remuneration	358 000	-
Car Allowance	120 000	-
Other Allowances	390 000	-
Acting Allowance-Acting Director Comm Environment	-	159 553
	868 000	159 553
21. Remuneration of councillors		
Executive Mayor	757 909	755 376
Speaker	579 311	580 502
Councillors	11 167 641	10 636 693
Councillors' pension contribution	-	810 476
	12 504 861	12 783 047
22. Investment revenue		
Interest revenue		
Bank	1 798 073	1 586 309
23. Depreciation and amortisation		
Property, plant and equipment	6 654 376	7 141 320
Intangible assets	2 618	2 651
	6 656 994	7 143 971
24. Gains or losses on assets		
Loss on disposal of assets	840 991	-
25. Finance costs		
Finance leases	354 798	47 515
26. Auditors' remuneration		
Fees	1 547 284	1 953 582
27. Repairs and maintenance		
Repairs and maintenance	2 259 529	2 902 749
	-	-
	-	-

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
28. Contracted services		
Rental of Office Machines	4 449 912	5 002 891
Security	6 474 718	6 809 674
	10 924 630	11 812 565
29. Grants and subsidies paid		
Other subsidies		
Expenditure on regional projects and facilities	62 957 016	68 399 731
Imbizo	4 877 047	1 801 521
Borolelo Ext 4 Sewerage	6 833 448	7 233 021
Agricultural Support	2 254 847	828 143
Internship Training	1 271 338	995 662
Councillors' Training	1 409 351	452 819
Bursary Scheme	1 853 908	1 733 691
	81 456 955	81 444 588
Grants paid to ME's	-	-
Other subsidies	81 456 955	81 444 588

30. Related parties

Related party transactions

Rent paid to related parties

Rustenburg Local Municipality	571 428	-
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The above transaction is disclosed as related party transaction as Bojanala Platinum District Municipality is not paying Rustenburg Local Municipality a market related rental considering office space occupied against market related rental ranging from R150 to R200 per square metre around Rustenburg town. This transaction is therefore considered related party.

Key management information

Position	Name
Mayor	L. Diremelo
Municipal manager	I K Sirovha
Chief Financial Officer	M Jansen
Director CSS	N. Khiba
Director CDS	T.G Ramagaga
Director CES	G.T. Lenake
Director EDTAR	O.S. Boitseng
Director Technical	S. Maluleke

31. Prior period errors

The correction of the error(s) results in adjustments as follows:

Statement of financial position

(Increase)/Decrease in Opening Accumulated Surplus or Deficit	-	7 218 351
Increase/(Decrease) in Retention (Creditors)	-	1 703 203
Increase/(Decrease) in VAT Receivable	-	(7 218 351)
Increase in property, plant and equipment	-	4 101 103
(Increase) in finance lease liability	-	(4 001 447)

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
31. Prior period errors (continued)		
Statement of Financial Performance		
General Expense	-	1 703 203
Increase in finance cost	-	30 758
(Decrease) in contracted services	-	(130 414)
General expenses	-	(7 012 944)
Grants and subsidies paid	-	7 012 944
VAT Receivable		
Decrease in opening accumulated surplus	-	7 218 351
Decrease in VAT Receivable	-	(7 218 351)
	-	-

An amount of R7 218 351 claimed as VAT Input on the 2011/12 VAT returns was rejected by SARS however the municipality failed to adjust VAT receivable account with this amount thereby overstating VAT receivable from SARS as at year-end. This misstatement has therefore been corrected to reflect correct comparative VAT receivable.

In the prior year, lease assets were omitted in the accounting records therefore the adjustment above seeks to correct the capitalisation of leased assets in the prior year not current year. The correction therefore increase assets by R4 101 103, lease liability by R4 101 103 being net of finance cost of R30 758 and lease rental of R130 414.

In the prior year, grants and subsidies paid were erroneously classified under general expenses and this error was picked during the 2013-14 audit. The adjustment therefore correct the prior year error identified.

Prior Period Error: Irregular Expenditure Note

Irregular expenditure		
2012-2013 Irregular expenditure	-	14 574 316
2011-2012 Irregular expenditure	-	11 134 922
	-	25 709 238

In the prior year irregular expenditure was understated as the above adjustments were identified during the current year regulatory audit. Details of these irregular expenditure are disclosed in Note 38 as a result the opening balance of the irregular expenditure in 2012/13 was restated by R11 134 922 and for 2012/13 it was restated by R14 574 316.

32. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Performance		
Contracted services	-	11 812 565
General expenses	-	(11 812 565)
Donations	-	(410 244)
General Expense	-	410 244

Contracted services was classified under general expenses in the prior year and now it has been classified as line item in the face of Statement of Financial Performance. Doantions are disclosed under general expenses.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

33. Risk management

Capital risk management

The municipality's objective regarding the management of capital is to ensure the municipality's ability to continue on the going concern basis, thus enabling it to meet its mandate.

The capital structure consist of the following:

- Debt, which also includes payables as disclosed under note 6; and
- Cash and cash equivalent as disclosed in note 4 in the Statement of Financial Position

The ratio is calculated as:

Gearing ratio = net debt/total capital.

Net debt = total borrowings(current and non-current portion) - cash and cash equivalents.

Total capital = equity(total net assets) + net debt

The gearing ratio at 2014 and 2013 respectively were as follows:

Total borrowings			
Non-current liabilities	15	2 059 275	2 587 844
Current liabilities		47 304 013	38 274 525
		49 363 288	40 862 369
Less: Cash and cash equivalents	4	3 983 710	2 589 274
Net debt		45 379 578	38 273 095
Net assets		(2 863 348)	4 648 318
Total capital		42 516 230	42 921 413

Financial risk management

The municipality's activities expose it to a variety of financial risk; Credit risk and Market Risk(including interest rate risk) and Liquidity risk.

The municipality's overall risk management program is enforce its mandate of development and implementation of an intergrated risk management strategy whose major objective is to encourage best practice within an evolving government service delivery strategy, while minimising the risks and ensuring that Municipality meet its objective..

Risk management is carried out by the risk committee under policies approved by the accounting officer. The risk committee identifies and assesses financial risk in close co-operation with the municipal council. Risk committee provides the written risk management strategy covering all specified areas of risk.

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity management implies maintaining sufficient cash reserves and the availability of cash in order to meet commitments. Due to the mandatory objective of the municipality, municipality maintains optimal levels funding by adequately maintaining that budgetary constraints.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

33. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The municipality has interest significant interest bearing investments, the municipality's interest income is dependent on changes in market interest rates.

The following were exposed to market risk at the year end:

Financial instrument	2014: Net % fluctuations in interest	2014	2013: Net % fluctuations in interest	2013
Interest revenue- Bank	13.00 %	1 798 073	(70.00)%	1 586 309

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consist mainly of cash deposits, cash and cash equivalents and receivables. The municipality limites exposure to risk to onnly one counter party, by only making deposits with a major bank with high credit standing.

Receivables from exchange transactions compromise mainly of the following; Staff debtors, Unidentified deposits, Salary suspense account and Insurance debtor.

Management evaluated risk relating to receivables on an ongoing basis.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2014	2013
Staff debtors	217 345	893 751
Unidentified deposits	345 813	345 813
Insurance debtor	305 229	-
Salary suspense account	771 033	-

34. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business. The ability of the municipality is dependent on a number of factors, the most significant of these is the fact that the government continue to procure funding for the ongoing operations of the municipality.

We draw attention to the fact that at 30 June 2014, the municipality had accumulated deficits of R (3 606 005) and that the municipality's total liabilities exceed its assets by R (2 863 348).

We draw attention to the fact that although the municipality reported a deficit of R10 015 618 for the year, its current liabilities exceeded its current assets by R40 416 368 at year end and the municipality had an accumulated deficit of R3,606 004 and that the municipality's liabilities exceeded its total assets by R2 863 347. The municipality depends on grants from National Treasury.

35. Events after the reporting date

There were no events identified after reporting date which would have adjusting and non-adjusting impact.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
36. Unauthorised expenditure		
Opening balance	15 816 330	8 423 805
Current year	33 309 871	7 392 525
	49 126 201	15 816 330
37. Fruitless and wasteful expenditure		
Opening balance	553 506	529 049
Fruitless and wasteful expenditure	-	24 457
	553 506	553 506
38. Irregular expenditure		
Opening balance	28 759 334	14 185 017
Add: Irregular Expenditure - current year	20 973 279	14 574 317
	49 732 613	28 759 334
Details of irregular expenditure – current year		
	Disciplinary steps taken/criminal proceedings	
Competitive bidding process not followed	Investigation to be undertaken in 2014/15 financial period	9 362 867
Preferential points system not applied	Investigation to be undertaken in 2014/15 financial period	10 724 029
Suppliers in service of state	Investigation to be undertaken in 2014/15 financial period	314 135
Three quotations not obtained	Investigation to be undertaken in 2014/15 financial period	572 248
		20 973 279
Adjustment to Irregular expenditure - prior year: 2012/13		
	Disciplinary steps taken/criminal proceedings	
Competitive bidding process not followed	Investigation to be undertaken in 2014/15 financial period	5 886 785
Preferential points system not applied	Investigation to be undertaken in 2014/15 financial period	8 687 531
		14 574 316
Details of irregular expenditure - Adjustment to Opening Balance		
Competitive bidding process not followed - Investigation to be undertaken in 2014/15 financial period	5 488 006	
Preferential points system not applied - Investigation to be undertaken in 2014/15 financial period	5 646 916	
	11 134 922	

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
39. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1 148 382	1 450 791
Amount paid - current year	(1 148 382)	(1 450 791)
	-	-
Audit fees		
Opening balance	-	1 956 966
Current year subscription / fee	1 547 284	143 443
Amount paid - current year	(1 440 953)	(1 956 966)
Amount paid - previous years	-	(143 443)
	106 331	-
PAYE and UIF		
Current year subscription / fee	22 633 097	20 547 838
Amount paid - current year	(22 633 097)	(20 547 838)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	20 471 768	23 428 454
Amount paid - current year	(20 471 768)	(23 428 454)
	-	-
VAT		
VAT receivable	1 264 515	1 128 540

All VAT returns have been submitted by the due date throughout the year.

40. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix A for the comparison of actual operating expenditure versus budgeted expenditure.

Bojanala Platinum District Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

41. Awards to close family member in terms of Sec 45 of SCM Regulation

Company Name

Marole Nameng Trading Enterprise	27 450	-
Marole Nameng Trading Enterprise	27 450	-
Marole Nameng Trading Enterprise	24 950	-
Marole Nameng Trading Enterprise	40 500	-
Marole Nameng Trading Enterprise	26 900	-
Marole Nameng Trading Enterprise	29 700	-
Marole Nameng Trading Enterprise	24 000	-
Marole Nameng Trading Enterprise	27 300	-
Marole Nameng Trading Enterprise	28 500	-
Marole Nameng Trading Enterprise	29 400	-
Marole Nameng Trading Enterprise	24 400	-
Marole Nameng Trading Enterprise	27 000	-
Marole Nameng Trading Enterprise	28 590	-
Rustie Projects T/A Rustie Travel Agent	27 798	-
Rustie Projects T/A Rustie Travel Agent	29 000	-
Rustie Projects T/A Rustie Travel Agent	28 390	-
Rustie Projects T/A Rustie Travel Agent	28 800	-
Rustie Projects T/A Rustie Travel Agent	27 280	-
Rustie Projects T/A Rustie Travel Agent	29 500	-
Rustie Projects T/A Rustie Travel Agent	80 000	-
Rustie Projects T/A Rustie Travel Agent	94 998	-
Rustie Projects T/A Rustie Travel Agent	53 800	-
Rustie Projects T/A Rustie Travel Agent	27 000	-
Rustie Projects T/A Rustie Travel Agent	26 900	-
Rustie Projects T/A Rustie Travel Agent	28 390	-
Rustie Projects T/A Rustie Travel Agent	28 000	-
Rustie Projects T/A Rustie Travel Agent	26 900	-
Rustie Projects T/A Rustie Travel Agent	28 390	-
Rustie Projects T/A Rustie Travel Agent	26 900	-
Rustie Projects T/A Rustie Travel Agent	26 900	-
Rustie Projects T/A Rustie Travel Agent	26 900	-
1 011 986	-	-

The municipality conducted business with the above companies owned by Moses Malesa who is the spouse of Esther Malesa, the Admin Officer in the municipality.

Bojanala District Municipality
Appendix E1

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2014

	Current year 2012 Act. Bal. Rand	Forecast # 2 2014 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Grants and Subsidies	259 398 645	254 263 000	5 135 645	2.0	
Other income	5 920 255	140 000	5 780 255	4 128.8	Due to VAT realised.
Interest received - investment	1 798 073	851 188	946 885	111.2	Interest on additional funds not projected during the financial year.
	267 116 973	255 254 188	11 862 785	4.6	
Expenses					
Personnel	(130 231 582)	(123 393 153)	(6 838 429)	5.5	
Remuneration of councillors	(12 504 860)	(13 552 360)	1 047 500	(7.7)	
Depreciation	(6 654 376)	(1 749 000)	(4 905 376)	280.5	Due to finance lease equipment,leased this financial year.
Amortisation	(2 618)	-	(2 618)	-	
Finance costs	-	-	-	-	
Repairs and maintenance - General	(2 259 529)	(2 023 852)	(235 677)	11.6	Due aging vehicles which needed more repairs than expected.
Contracted Services	(13 361 712)	(12 490 789)	(870 923)	7.0	
Grants and subsidies paid	(81 541 954)	(59 784 063)	(21 757 891)	36.4	Due to water projected which needed excelleration to cap water losses for the current year.
General Expenses	(33 450 940)	(42 354 101)	8 903 161	(21.0)	Strenthening of Internal controls on the usage of general expense votes or council resources.
	(280 007 571)	(255 347 318)	(24 660 253)	9.7	
Other revenue and costs	(1 479 361)	-	(1 479 361)	-	
Net surplus/ (deficit) for the year	(14 369 959)	(93 130)	(14 276 829)	15 330.0	

**Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2014**

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Total Revenue by Vote	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Expenditure by Vote to be appropriated															
Community Services	-	15 227 131	15 227 131	-	-	15 227 131	14 706 739	-	(520 392)	97 %	DIV/0 %	-	-	-	-
Community Environment	-	30 540 675	30 540 675	-	-	30 540 675	30 182 286	-	(358 389)	99 %	DIV/0 %	-	-	-	-
Disaster	-	7 323 818	7 323 818	-	-	7 323 818	5 938 083	-	(1 385 735)	81 %	DIV/0 %	-	-	-	-
FIRE	-	35 078 054	35 078 054	-	-	35 078 054	34 983 557	-	(94 497)	100 %	DIV/0 %	-	-	-	-
Municipal Manager	-	26 004 212	26 004 212	-	-	26 004 212	25 059 141	-	(945 071)	96 %	DIV/0 %	-	-	-	-
Corporate Support	-	40 379 762	40 379 762	-	-	40 379 762	42 036 182	-	1 656 420	104 %	DIV/0 %	-	-	-	-
Mayors Office	-	17 799 243	17 799 243	-	-	17 799 243	17 973 618	-	174 375	101 %	DIV/0 %	-	-	-	-
Economic Development	-	9 499 322	9 499 322	-	-	9 499 322	9 446 207	-	(53 115)	99 %	DIV/0 %	-	-	-	-
Treasury & Budget	-	16 476 815	16 476 815	-	-	16 476 815	15 140 933	-	(1 335 882)	92 %	DIV/0 %	-	-	-	-
Municipal Council	-	20 297 840	20 297 840	-	-	20 297 840	22 882 768	-	2 584 928	113 %	DIV/0 %	-	-	-	-
Technical	-	36 566 456	36 566 456	-	-	36 566 456	31 071 215	-	(5 495 241)	85 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	-	255 193 328	255 193 328	-	-	255 193 328	249 420 729	-	(5 772 599)	98 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	-	(255 193 328)	(255 193 328)	-	-	(255 193 328)	(249 420 729)	-	5 772 599	98 %	DIV/0 %	-	-	-	-