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

General Information

Legal form of entity	An organ of state exercising legislative and executive authority
Nature of business and principal activities	District municipality
Mayoral committee	
Executive Mayor	Cllr NW Speelman
Speaker	Cllr MA Olifant
Councillors	Cllr KR Phukuntsi - MMC Sports, Arts, Culture and Recreation Cllr M Lekaota - MMC Corporate Services and Administration Cllr MH Ntsebeng - MMC Social Services and Environmental Health Cllr MJ Pereko - MMC Special Programmes Cllr MMT Matlabe - MMC Finance Cllr PP Maseko - MMC Municipal Support and Infrastructure Cllr XJ Toki - MMC LED, Tourism, Agriculture, Youth and SMME
Municipal demarcation code	DC18
Grading of local authority	4
Capacity of local authority	Low capacity
Accounting Officer	Ms PME Kaota
Chief Finance Officer (CFO)	Mr PK Pitso
Registered office	Office of the Municipal Manager
Business address	Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 2163 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

Index

The reports and statements set out below comprise the annual financial statements presented to the council:

Index

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
SARS	South African Revenue Services
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax

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 were 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 she is ultimately responsible for the system of internal financial control established by the municipality and places 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, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality depends on grants received from National Government (98%) as RSC levies were abolished in 2006.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 6 to 63, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2014 and were signed on his behalf by:

Palesa Matshidiso Elizabeth Kaota
Municipal Manager
Date: 31 August 2014
WELKOM

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2014.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet x times per annum as per its approved terms of reference. During the current year x number of meetings were held.

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer of the municipality during the year under review.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management’s response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable);
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

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Chairperson of the Audit Committee

Date: ______________________

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	18,377,467	19,981,927
Other financial assets	4	30,000,000	20,000,000
Receivables from non-exchange transactions	5	4,403,262	1,552,456
VAT receivable	6	89,391	4,750
		52,870,120	**41,539,133**
Non-Current Assets			
Property, plant and equipment	7	70,959,868	74,316,697
Intangible assets	8	1,610,437	3,020,182
Investments in controlled entities	9	100	100
		72,570,405	**77,336,979**
Total Assets		**125,440,525**	**118,876,112**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	7,137,911	6,459,301
Other financial liabilities	11	1,847,014	1,585,085
Employee benefit obligation	12	-	20,376
Long service awards	12	3,217,000	1,822,212
Provisions	13	842,307	381,341
		13,044,232	**10,268,315**
Non-Current Liabilities			
Other financial liabilities	11	13,113,088	14,960,102
Employee benefit obligation	12	7,588,000	5,584,584
		20,701,088	**20,544,686**
Total Liabilities		**33,745,320**	**30,813,001**
Net Assets		**91,695,205**	**88,063,111**
Accumulated surplus		92,378,832	87,940,718

* See Note 33

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated Restated*
Revenue			
Revenue from exchange transactions			
Interest received - trading		1,141,575	769,874
Other income	15	1,123,900	500,035
Interest received - investment	16	2,818,522	2,425,189
Gains on disposal of assets		-	67,977
Total revenue from exchange transactions		**5,083,997**	**3,763,075**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	103,760,000	100,511,840
Total revenue	14	**108,843,997**	**104,274,915**
Expenditure			
Employee related cost	18	(60,740,189)	(48,208,182)
Remuneration of councillors	19	(8,713,434)	(8,121,452)
Transfers to local municipalities		(1,563,049)	(1,950,000)
Depreciation and amortisation	21	(6,229,356)	(7,145,106)
Reversal of impairments / (Impairment loss)	22	2,911,381	(4,185)
Finance costs	23	(2,582,857)	(2,840,657)
Repairs and maintenance	24	(404,943)	(438,257)
Consulting and professional fees	25	(1,648,744)	(1,849,521)
Transfer to the Development Agency	32	(2,500,000)	(2,500,000)
Loss on disposal of assets		(476,756)	-
General expenses	26	(22,838,731)	(27,509,423)
Total expenditure		**(104,786,678)**	**(100,566,783)**
Operating surplus		**4,057,319**	**3,708,132**
Surplus for the year		**4,057,319**	**3,708,132**

* See Note 33

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2012	**84,232,586**	**84,232,586**
Changes in net assets		
Surplus for the year	3,708,132	3,708,132
Total changes	3,708,132	3,708,132
Opening balance as previously reported	87,940,718	87,940,718
Adjustments		
Correction of errors (refer to note 35)	380,795	380,795
Restated* Balance at 01 July 2013 as restated*	**88,321,513**	**88,321,513**
Changes in net assets		
Surplus for the year	4,057,319	4,057,319
Total changes	4,057,319	4,057,319
Balance at 30 June 2014	**92,378,832**	**92,378,832**

Note(s)

* See Note 33

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated Restated*
Cash flows from operating activities			
Receipts			
Grants		103,760,000	100,511,840
Interest income		2,818,522	2,425,189
Other receipts		2,326,050	339,514
		108,904,572	103,276,543
Payments			
Employee costs		(69,453,623)	(56,329,634)
Suppliers		(23,299,185)	(31,222,441)
Finance costs		(2,582,857)	(2,840,657)
Other payments		(1,648,744)	(1,849,520)
		(96,984,409)	(92,242,252)
Net cash flows from operating activities	29	**11,920,163**	**11,034,291**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(2,199,481)	(2,727,454)
Proceeds from sale of property, plant and equipment	7	414,766	1,276,108
Purchase of other intangible assets	8	(154,824)	-
Proceeds from sale of other intangible assets	8	-	1,076,734
Proceeds from sale of financial assets		(10,000,000)	(4,000,000)
Net cash flows from investing activities		**(11,939,539)**	**(4,374,612)**
Cash flows from financing activities			
Repayment of other financial liabilities		(1,585,085)	(1,793,047)
Net cash flows from financing activities		**(1,585,085)**	**(1,793,047)**
Net increase/(decrease) in cash and cash equivalents		**(1,604,461)**	**4,866,632**
Cash and cash equivalents at the beginning of the year		19,981,927	15,115,296
Cash and cash equivalents at the end of the year	3	**18,377,466**	**19,981,928**

* See Note 33

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - trading	483,976	-	**483,976**	1,141,575	**657,599**	
Other income	80,000	-	**80,000**	1,123,900	**1,043,900**	
Interest received - investment	1,668,000	-	**1,668,000**	2,818,522	**1,150,522**	
Total revenue from exchange transactions	**2,231,976**	**-**	**2,231,976**	**5,083,997**	**2,852,021**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants and subsidies	104,076,000	-	**104,076,000**	103,760,000	**(316,000)**	
Total revenue	**106,307,976**	**-**	**106,307,976**	**108,843,997**	**2,536,021**	
Expenditure						
Employee remuneration	(56,466,275)	(4,164,496)	**(60,630,771)**	(60,740,189)	**(109,418)**	
Remuneration of councillors	(8,373,642)	(313,444)	**(8,687,086)**	(8,713,434)	**(26,348)**	
Transfers to local municipalities	(3,450,000)	-	**(3,450,000)**	(1,563,049)	**1,886,951**	
Depreciation and amortisation	(6,026,791)	-	**(6,026,791)**	(6,229,356)	**(202,565)**	
Impairment loss/ Reversal of impairments	-	-	**-**	2,911,381	**2,911,381**	
Finance costs	(2,582,857)	-	**(2,582,857)**	(2,582,857)	**-**	
Repairs and maintenance	(640,475)	(29,500)	**(669,975)**	(404,943)	**265,032**	
Consulting and professional fees	(923,740)	(416,500)	**(1,340,240)**	(1,648,744)	**(308,504)**	
Grants and subsidies paid	(2,500,000)	-	**(2,500,000)**	(2,500,000)	**-**	
General expenses	(23,900,412)	(877,131)	**(24,777,543)**	(22,838,731)	**1,938,812**	
Total expenditure	**(104,864,192)**	**(5,801,071)**	**(110,665,263)**	**(104,309,922)**	**6,355,341**	
Operating surplus	**1,443,784**	**(5,801,071)**	**(4,357,287)**	**4,534,075**	**8,891,362**	
Loss on disposal of assets and liabilities	-	-	**-**	(476,756)	**(476,756)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**1,443,784**	**(5,801,071)**	**(4,357,287)**	**4,057,319**	**8,414,606**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Statement of Financial Position						
Assets						
Current Assets						
Other financial assets	25,000,000	-	**25,000,000**	30,000,000	**5,000,000**	
Receivables from non-exchange transactions	1,255,000	302,000	**1,557,000**	4,403,262	**2,846,262**	
VAT receivable	-	-	**-**	89,391	**89,391**	
Cash and cash equivalents	11,035,000	3,947,000	**14,982,000**	18,377,467	**3,395,467**	
	37,290,000	**4,249,000**	**41,539,000**	**52,870,120**	**11,331,120**	
Non-Current Assets						
Property, plant and equipment	70,923,000	2,800,000	**73,723,000**	70,959,868	**(2,763,132)**	
Intangible assets	5,423,000	(2,303,000)	**3,120,000**	1,610,437	**(1,509,563)**	
Investments in controlled entities	-	-	**-**	100	**100**	
	76,346,000	**497,000**	**76,843,000**	**72,570,405**	**(4,272,595)**	
Total Assets	**113,636,000**	**4,746,000**	**118,382,000**	**125,440,525**	**7,058,525**	
Liabilities						
Current Liabilities						
Other financial liabilities	1,585,000	-	**1,585,000**	1,585,085	**85**	
Payables from exchange transactions	7,043,000	(584,000)	**6,459,000**	7,137,911	**678,911**	
Employee benefit obligation	20,000	-	**20,000**	-	**(20,000)**	
Provisions	1,130,000	1,074,000	**2,204,000**	842,307	**(1,361,693)**	
Long service awards	-	-	**-**	3,217,000	**3,217,000**	
	9,778,000	**490,000**	**10,268,000**	**12,782,303**	**2,514,303**	
Non-Current Liabilities						
Other financial liabilities	14,960,000	-	**14,960,000**	13,375,017	**(1,584,983)**	
Employee benefit obligation	7,407,000	(1,822,000)	**5,585,000**	7,588,000	**2,003,000**	
	22,367,000	**(1,822,000)**	**20,545,000**	**20,963,017**	**418,017**	
Total Liabilities	**32,145,000**	**(1,332,000)**	**30,813,000**	**33,745,320**	**2,932,320**	
Net Assets	**81,491,000**	**6,078,000**	**87,569,000**	**91,695,205**	**4,126,205**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	81,491,000	6,078,000	**87,569,000**	91,695,205	**4,126,205**	.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Grants	104,076,000	-	**104,076,000**	103,760,000	**(316,000)**	
Interest income	1,668,000	-	**1,668,000**	2,818,522	**1,150,522**	
Other receipts	80,000	-	**80,000**	2,326,050	**2,246,050**	
	105,824,000	**-**	**105,824,000**	**108,904,572**	**3,080,572**	
Payments						
Employee costs	-	-	**-**	(69,453,623)	**(69,453,623)**	
Suppliers	(93,312,000)	(2,793,000)	**(96,105,000)**	(23,299,185)	**72,805,815**	
Finance costs	(2,583,000)	-	**(2,583,000)**	(2,582,857)	**143**	
Transfers and grants	(5,950,000)	-	**(5,950,000)**	-	**5,950,000**	
Other cash item	-	-	**-**	(1,648,744)	**(1,648,744)**	
	(101,845,000)	**(2,793,000)**	**(104,638,000)**	**(96,984,409)**	**7,653,591**	
Net cash flows from operating activities	**3,979,000**	**(2,793,000)**	**1,186,000**	**11,920,163**	**10,734,163**	
Cash flows from investing activities						
Purchase of property, plant and equipment	(2,166,000)	(1,663,000)	**(3,829,000)**	(2,199,481)	**1,629,519**	
Proceeds from sale of property, plant and equipment	-	-	**-**	414,766	**414,766**	
Purchase of other intangible assets	-	-	**-**	(154,824)	**(154,824)**	
Purchase of financial assets	-	(7,923,000)	**(7,923,000)**	(10,000,000)	**(2,077,000)**	
Net cash flows from investing activities	**(2,166,000)**	**(9,586,000)**	**(11,752,000)**	**(11,939,539)**	**(187,539)**	
Cash flows from financing activities						
Repayment of borrowings	(1,847,000)	(271,000)	**(2,118,000)**	(1,585,085)	**532,915**	
Net increase/(decrease) in cash and cash equivalents	(34,000)	(12,650,000)	**(12,684,000)**	(1,604,461)	**11,079,539**	
Cash and cash equivalents at the beginning of the year	15,115,000	11,081,000	**26,196,000**	19,981,927	**(6,214,073)**	
Cash and cash equivalents at the end of the year	**15,081,000**	**(1,569,000)**	**13,512,000**	**18,377,466**	**4,865,466**	
Reconciliation						

Appropriation Statement

Figures in Rand	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	Actual outcome as % of final budget	Actual outcome as % of original budget
2014											
Financial Performance											
Investment revenue	1,668,000	-	1,668,000	-		1,668,000	2,818,522		1,150,522	169 %	169 %
Grants	104,076,000	-	104,076,000	-		104,076,000	103,760,000		(316,000)	100 %	100 %
Other income	563,976	-	563,976	-		563,976	2,265,475		1,701,499	402 %	402 %
Total revenue (excluding capital transfers and contributions)	**106,307,976**	**-**	**106,307,976**	**-**		**106,307,976**	**108,843,997**		**2,536,021**	**102 %**	**102 %**
Employee costs	(56,466,275)	(4,164,496)	(60,630,771)	-	-	(60,630,771)	(60,740,189)	-	(109,418)	100 %	108 %
Remuneration of councillors	(8,374,000)	(313,086)	(8,687,086)	-	-	(8,687,086)	(8,713,434)	-	(26,348)	100 %	104 %
Depreciation and asset impairment	(6,026,791)	-	(6,026,791)			(6,026,791)	(3,317,975)	-	2,708,816	55 %	55 %
Finance charges	(2,582,857)	-	(2,582,857)	-	-	(2,582,857)	(2,582,857)	-	-	100 %	100 %
Grants and subsidies paid	(2,500,000)	-	(2,500,000)	-	-	(2,500,000)	(2,500,000)	-	-	100 %	100 %
Other expenditure	(28,914,269)	(1,323,489)	(30,237,758)	-	-	(30,237,758)	(26,932,223)	-	3,305,535	89 %	93 %
Total expenditure	**(104,864,192)**	**(5,801,071)**	**(110,665,263)**	**-**	**-**	**(110,665,263)**	**(104,786,678)**	**-**	**5,878,585**	**95 %**	**100 %**
Surplus/(Deficit)	**1,443,784**	**(5,801,071)**	**(4,357,287)**	**-**		**(4,357,287)**	**4,057,319**		**8,414,606**	**(93)%**	**281 %**
Transfers recognised - capital	79,341,000	24,735,000	104,076,000	-		104,076,000	103,760,000		(316,000)	100 %	131 %
Surplus (Deficit) after capital transfers and contributions	**80,784,784**	**18,933,929**	**99,718,713**	**-**		**99,718,713**	**107,817,319**		**8,098,606**	**108 %**	**133 %**
Surplus/(Deficit) for the year	**80,784,784**	**18,933,929**	**99,718,713**	**-**		**99,718,713**	**107,817,319**		**8,098,606**	**108 %**	**133 %**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous period.

1.1 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.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entities, including special purpose entities, which are controlled by the controlling entity.

The results of controlled entities, are included in the consolidated annual financial statements from the effective date of acquisition or date when control commences to the effective date of disposal or date when control ceases. The difference between the proceeds from the disposal of the controlled entity and its carrying amount as of the date of disposal, is recognised in the consolidated statement of financial performance as the surplus or deficit on the disposal of the controlled entity.

An investment in a controlled entity is accounted for in accordance with the Standards of GRAP on Financial Instruments from the date that it ceases to be a controlled entity, unless it becomes an associate or a jointly controlled entity, in which case it is accounted for as such. The carrying amount of the investment at the date that the entity ceases to be a controlled entity is regarded as the cost on initial recognition of a financial asset in accordance with the Standards of GRAP on Financial Instruments.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

Non-controlling interest in the surplus or deficit of the controlling entity is separately disclosed.

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. Significant judgements include:

1.3 Significant judgements and sources of estimation uncertainty (continued)

Receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating assets
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependant on the availability of data and the nature of the impairment.

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 13 Provisions.

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

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 or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised 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), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, it's cost is measured at the carrying amount of the asset 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 municipality 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.

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 are carried at cost less accumulated depreciation and any impairment losses.

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

Accounting Policies

1.4 Property, plant and equipment (continued)

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

Item	**Average useful life**
Land	Not depreciated
Buildings	
• Buildings	30 years
• Paving	30 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Motor vehicles	7 years
Office equipment	4 years
Emergency equipment	5 years
Other property, plant and equipment	5 years

The residual value, 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.

Reviewing the useful life of an asset on an annual basis does not require the municipality 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.

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value can be measured reliably.

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.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Accounting Policies

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits or service potential;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	**Useful life**
Computer software	3 years

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

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

1.6 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.7 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

1.7 Financial instruments (continued)

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other financial assets	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
Financial liabilities	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability, other than those subsequently measures at fair value, initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures all other financial assets and financial liabilities initially at fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

1.7 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

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

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

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.7 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial 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.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.8 Leases

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the amounts recognised as revenue and the contractual receipts are recognised as an operating lease asset or liability.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.9 Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10 Impairment of 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.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

1.10 Impairment of cash-generating assets (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.10 Impairment of cash-generating assets (continued)

Cash-generating units

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

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality uses management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the municipality does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.10 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.11 Impairment of non-cash-generating assets

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

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Accounting Policies

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

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

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

Accounting Policies

1.13 Employee benefits

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.13 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

1.13 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.13 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.14 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.

Accounting Policies

1.14 Provisions and contingencies (continued)

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating expenditure.

If the municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when the municipality:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.15 Revenue from exchange transactions

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

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

Measurement

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

Accounting Policies

1.15 Revenue from exchange transactions (continued)

Interest and investment income

Revenue arising from the use by others of municipality assets yielding interest or similar distributions 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.

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

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the 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.

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

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.

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.

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.

Accounting Policies

1.16 Revenue from non-exchange transactions (continued)

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.

Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.17 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.18 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.

1.19 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.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

All expenditure relating to irregular 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.

Accounting Policies

1.21 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.22 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.23 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

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

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.

1.24 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management is 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.

1.25 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.26 VAT

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods and services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 25: Employee Benefits

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

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

The standard states the recognition, measurement and disclosure requirements of:

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

The major difference between this standard (GRAP 25) and IAS 19(R) is with regards to the treatment of actuarial gains and losses and past service costs. This standard requires the municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

All amendments to be applied retrospectively.

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

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

The impact of the standard is not material.

GRAP 1 (as revised 2012): Presentation of Financial Statements

Minor amendments were made to the statement of financial performance as well as the statement of changes in net assets.

All amendments to be applied retrospectively.

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors

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

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

2. New standards and interpretations (continued)

GRAP 9 (as revised 2012): Revenue from Exchange Transactions

Amendments were made to the scope and definitions.

All amendments to be applied retrospectively.

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 13 (as revised 2012): Leases

Amendments were made to disclosures.

All amendments to be applied retrospectively.

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

GRAP 17 (as revised 2012): Property, Plant and Equipment

Amendments were made to measurement at recognition, disposals and disclosure. Changes were made to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle has been clarified.

All amendments to be applied prospectively.

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

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The impact of the amendment is not material.

IGRAP 1 (as revised 2012): Applying the Probability Test on Initial Recognition of Revenue

This interpretation now addresses the manner in which the municipality applies the probability test on initial recognition of both:

(a) exchange revenue (GRAP 9); and
(b) non-exchange revenue (GRAP 23).

All amendments to be applied prospectively.

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

The municipality has adopted the interpretation for the first time in the 2014 annual financial statements.

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

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

GRAP 20: Related Parties

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

The municipality (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

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

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

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

- control;

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

2. **New standards and interpretations (continued)**
   - related party transactions; and
   - remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

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

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

GRAP 5 (revised 2013): Borrowing Costs

Benchmark treatment is to recognise borrowing costs as an expense.

Allowed alternative is to capitalise borrowing costs if it is attributable to the acquisition, construction or production of a qualifying asset. All other instances, expense borrowing costs.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

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

GRAP 100 (revised 2013): Discontinued Operations

All accounting, presentation and disclosure requirements with regards to non-current assets held for sale (or disposal groups) have been deleted. The impact of the amendments is:
- Will no longer be required to reclassify assets as held for sale. GRAP 100 now only deals with discontinued operations.
- Certain disclosure must be made if, at the reporting date, management has taken a decision to dispose of a significant asset or a group of assets and liabilities. Will fall under the Standard of GRAP on Presentation of Financial Statements.

Measurement requirements are to be applied prospectively and presentation and disclosure requirements are to be applied retrospectively.

The effective date of the amendment is for years beginning on or after 01 April 2014.

The municipality expects to adopt the amendment for the first time in the 2015 annual financial statements.

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

Figures in Rand	2014	2013 Restated

3. Cash and cash equivalents

Cash and cash equivalents consist of:

	2014	2013
Cash on hand	2,200	2,200
Bank balances	18,375,267	19,979,727
	18,377,467	**19,981,927**

None of the bank accounts were pledged as security.

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 Bank - cheque account - 1340000117	14,692,987	4,041,011	5,579,247	14,375,267	4,041,011	5,113,096
Nedbank - fixed account - 000025	-	-	5,000,000	-	-	5,000,000
Nedbank - fixed account - 000026	-	-	5,000,000	-	-	5,000,000
Standard Bank - fixed account - 248538810007	-	5,000,000	-	-	5,000,000	-
ABSA - call account - 9275618908	-	5,938,716	-	-	5,938,716	-
ABSA Bank - call account - 9292006970	4,000,000	4,000,000	-	4,000,000	4,000,000	-
Cash on hand	-	-	-	2,200	2,200	2,200
Total	**18,692,987**	**18,979,727**	**15,579,247**	**18,377,467**	**18,981,927**	**15,115,296**

4. Other financial assets

	2014	2013
At amortised cost		
African Bank fixed account The maturity date of the investment was 2013/07/02 and interest is earned at a rate of 5.80% per annum.	-	5,000,000
Standard bank fixed account There are two investments at year end each to the value of R5,000,000, the details are as follows: Account no: 248538810007 - maturity date 2014/07/01 at an interest rate of 5.80%. Account no: 248538810008 - maturity date 2014/09/02 at a interest rate of 5.90%.	10,000,000	-
Nedbank fixed account There are two investments at year end each to the value of R5,000,000, the details are as follows: Account no: 03/7662020096/000025 - maturity date 2014/07/01 at an interest rate of 5.85%. Account no: 03/7662020096/0000026 - maturity date 2014/09/02 at a interest rate of 6.00%.	10,000,000	10,000,000
FNB fixed account There are two investments at year end each to the value of R5,000,000, the details are as follows: Account no: 74446795864 - maturity date 2014/07/01 at an interest rate of 5.90%. Account no: 74457257994 - maturity date 2014/09/02 at a interest rate of 5.90%.	10,000,000	5,000,000
	30,000,000	**20,000,000**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

4. Other financial assets (continued)

Current assets		
At amortised cost	30,000,000	20,000,000

Although the maturity date of the investments indicate that the investments needs to be disclosed as cash and cash equivalent, the initial purpose of investments are considered for classifying the asset as a financial asset or a cash and cash equivalent asset.

None of the financial assets were pledged as security.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2		
African Bank fixed deposit	-	5,000,000
Standard Bank fixed deposit	10,000,000	-
Nedbank fixed deposit	10,000,000	10,000,000
FNB fixed deposit	10,000,000	5,000,000
	30,000,000	**20,000,000**

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

5. Receivables from non-exchange transactions

Deposits	4,700	4,700
Payments made in advance	-	1,008
Sundry receivables	13,853,791	13,916,795
Less: Allowance for impairment	(9,455,229)	(12,370,047)
	4,403,262	**1,552,456**

Included in other receivables are irregular expenditure incurred during the financial year. Refer to note 42.

None of the receivables were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from non-exchange transactions past due but not impaired

The ageing of amounts past due but not impaired are as follows:

> 3 months past due	4,403,262	1,552,456

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

Reconciliation of allowance for impairment

Opening balance	12,370,047	10,592,346
Allowance for impairment	(2,914,819)	1,777,701
	9,455,228	**12,370,047**

Management is of the opinion that the carrying value of the sundry receivables are approximate their fair values.

The fair value of sundry receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial departments as well as sundry receivables. The current payment ratio's of sundry receivables were also taken into account for fair value determination.

6. VAT receivable

VAT	89,391	4,750

7. 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	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Buildings	73,139,926	(12,717,647)	60,422,279	73,139,926	(10,389,125)	62,750,801
Plant and machinery	719,620	(523,177)	196,443	-	-	-
Furniture and fixtures	3,953,976	(2,439,383)	1,514,593	-	-	-
Motor vehicles	1,836,551	(136,747)	1,699,804	1,424,480	(395,120)	1,029,360
Office equipment	6,429,971	(3,689,555)	2,740,416	-	-	-
Other property, plant and equipment	2,908,352	(1,567,319)	1,341,033	13,468,809	(5,802,273)	7,666,536
Minor plant	352,777	(177,477)	175,300	-	-	-
Total	**92,211,173**	**(21,251,305)**	**70,959,868**	**90,903,215**	**(16,586,518)**	**74,316,697**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Buildings	62,750,801	-	-	(2,328,522)	60,422,279
Plant and machinery	319,283	6,946	(1,491)	(128,295)	196,443
Furniture and fixtures	2,173,585	50,255	(23,562)	(685,685)	1,514,593
Motor vehicles	1,029,360	1,197,481	(785,410)	258,373	1,699,804
Office equipment	3,404,034	682,084	(81,059)	(1,264,643)	2,740,416
Other property, plant and equipment	1,561,638	262,715	-	(483,320)	1,341,033
Emergency equipment	207,994	-	-	(32,694)	175,300
	74,316,695	**2,199,481**	**(891,522)**	**(4,664,786)**	**70,959,868**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Buildings	65,134,034	48,640	-	(2,431,873)	62,750,801
Motor vehicles	1,119,845	200,000	(200,000)	(90,485)	1,029,360
Other property, plant and equipment	10,203,417	2,478,814	(1,008,131)	(4,007,564)	7,666,536
	79,327,296	**2,727,454**	**(1,208,131)**	**(6,529,922)**	**74,316,697**

Pledged as security

None of the assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

8. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	6,567,339	(4,956,902)	1,610,437	6,412,515	(3,392,333)	3,020,182

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, internally generated	3,020,182	154,824	(1,564,569)	1,610,437

Reconciliation of intangible assets - 2013

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	4,712,100	(1,076,734)	(615,184)	3,020,182

Pledged as security

None of the assets were pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

9. Investments in controlled entities

Name of company	Held by	% holding 2014	% holding 2013	Carrying amount 2014	Carrying amount 2013
Lejweleputswa Development Agency SOC Ltd	Lejweleputswa District Municipality	100.00 %	100.00 %	100	100

The carrying amounts of the controlled entity are shown net of impairment losses.

Controlled entities pledged as security

The investment in the controlled entity was not pledged as security.

Figures in Rand	2014	2013 Restated

10. Payables from exchange transactions

Trade payables	1,655,084	1,042,970
Accrued leave pay	4,202,293	4,265,028
Retention creditors	184,249	87,293
Annual bonus accrued	1,096,285	1,064,010
	7,137,911	**6,459,301**

11. Other financial liabilities

At amortised cost		
DBSA loan (61003236)	2,191,331	2,375,098
DBSA loan (61003237)	1,679,239	1,820,062
DBSA loan (61004020)	(20)	(20)
DBSA loan (61001256)	289,883	332,468
DBSA loan (61001257)	69,584	81,549
DBSA loan (61001258)	358,257	419,859
DBSA loan (61001259)	742,529	851,609
DBSA loan (61001299)	1,834,524	2,149,970
DBSA loan (61003159)	7,794,775	8,514,592
	14,960,102	**16,545,187**
Total other financial liabilities	**14,960,102**	**16,545,187**

These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2020 and the loans bear interest between 10% and 16.5%.

The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix A.

Non-current liabilities		
At amortised cost	13,113,088	14,960,102
Current liabilities		
At amortised cost	1,847,014	1,585,085

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

12. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by finding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

* Bonitas
* Hosmed
* Keyhealth
* LA Health
* Samwumed

The members of the post-employment health care benefit plan are made up as follows:

In service members (employees)	97	97
In service members (employees) - non - members	13	13
Continuation members (retirees, widowers and orphans)	1	1
	111	**111**

The amounts recognised in the statement of financial position are as follows:		
Employee benefit obligations	7,588,000	5,604,960

Movement in the present value of the employee benefit obligation		
Opening balance	5,604,960	5,522,750
Current service cost	637,084	438,517
Interest	547,041	485,730
Actuarial (gain) losses	829,915	(823,437)
Benefits paid by the plan	(31,000)	(18,600)
	7,588,000	**5,604,960**

The following main assumptions were used in performing the valuation at 30 June 2014		
Discount rate	9.09 %	9.78 %
Consumer price inflation	7.19 %	6.59 %
Health care cost inflation	8.19 %	8.09 %
Net discount rate	0.83 %	1.56 %

Health care cost inflation

Figures in Rand	2014	2013 Restated

12. Employee benefit obligations (continued)

The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:	Increase 1%	Decrease 1%
Employer benefit liability	7,801,000	7,281,000
Employer service cost	879,000	818,000
Employer interest cost	748,000	698,000

Long service awards

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Consultants and Actuaries. The projected unit credit funding method has been used to determine the past - service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. We have converted the awarded leave days into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.

The amounts recognised in the statement of financial position are as follows:

	2014	2013
Carrying value		
Present value of long service awards obligation	3,217,000	1,822,212
Non-current liabilities	(7,588,000)	(5,584,584)
Current liabilities	-	(20,376)
	(7,588,000)	**(5,604,960)**

Changes in the present value of the long service award obligation are as follows:

	2014	2013
Opening balance	1,822,212	2,147,003
Benefits paid	(269,000)	(289,537)
Net expense recognised	1,663,788	(35,254)
	3,217,000	**1,822,212**

Net expense of the long service awards obligation recognised in the statement of financial performance

	2014	2013
Opening balance (ignore)	(35,254)	-
Current service cost	289,980	266,288
Interest cost	126,473	142,896
Actuarial gains (losses)	1,247,335	(444,438)
	1,628,534	**(35,254)**

Key assumptions used

Assumptions used at the reporting date:

	2014	2013
Discount rates used	8.06 %	7.35 %
Consumer price inflation	6.37 %	5.79 %
Salary increase rate	7.37 %	6.79 %
Net discount rate	0.64 %	0.53 %

Notes to the Annual Financial Statements

Figures in Rand

13. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Performance bonus provision	381,341	460,966	842,307

Reconciliation of provisions - 2013

	Opening Balance	Total
Performance bonus provision	381,341	381,341

Performance bonuses accrue to senior managers on an accrual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date and is dependent on the favourable performance of senior managers having met agreed conditions. The balance at year end includes the performance bonuses not paid to senior managers. The performance bonuses are expected to be paid in the next financial reporting period. There is no expected reimbursement from the provision.

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual.

There is no expected reimbursement amounts from this provision.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

14. Revenue

Interest received - trading	1,141,575	769,874
Other income	1,123,900	500,035
Interest received - investment	2,818,522	2,425,189
Government grants and subsidies	103,760,000	100,511,840
	108,843,997	**104,206,938**

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

Interest received - trading	1,141,575	769,874
Other income - rollup	1,123,900	500,035
Interest received - investment	2,818,522	2,425,189
	5,083,997	**3,695,098**

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

Grants and subsidies		
Government grants & subsidies	103,760,000	100,511,840

15. Other income

Other income	1,123,900	500,035

16. Investment revenue

Interest revenue		
Interest received - investment	2,818,522	2,425,189

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

17. Government grants and subsidies

Operating grants		
Equitable share	24,657,562	23,150,066
Financial Management Grant	1,250,000	1,307,681
Expanded Public Works Programme	1,000,000	1,000,000
Municipal Systems Improvement Programme Grant	890,000	1,092,159
Levy Replacement (Transitional) Grant	75,962,438	73,961,934
	103,760,000	100,511,840
	103,760,000	**100,511,840**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	2,140,000	2,399,840
Unconditional grants received	101,620,000	98,112,000
	103,760,000	**100,511,840**

Equitable Share

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

Financial Management Grant

Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,250,000)
	-	-

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Expanded Public Works Programme

Current-year receipts	1,000,000	1,000,000
Conditions met - transferred to revenue	(1,000,000)	(1,000,000)
	-	-

The Expanded Public Works Programme is a operational grant which is used by the municipality on its own discretion.

Municipal System Improvement Grant

Current-year receipts	890,000	1,000,000
Conditions met - transferred to revenue	(890,000)	(1,000,000)
	-	-

Levy Replacement (Transitional) Grant

Current-year receipts	75,962,438	73,961,934
Conditions met - transferred to revenue	(75,962,438)	(73,961,934)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

17. Government grants and subsidies (continued)

The Levy Replacement (Transitional) Grant is a operational grant which is used by the municipality on its own discretion, which is mainly to fund its operational activities.

18. Employee related costs

Basic	31,053,997	27,132,125
Bonus - 13th cheque	3,192,277	2,410,245
Medical aid - company contributions	2,907,242	2,401,277
UIF	210,283	188,267
WCA	745,862	80,388
Leave pay provision charge	2,249,858	2,235,921
Defined contribution plans	3,611,653	(112,687)
Overtime payments	187,962	407,238
Travel allowance	5,281,735	4,695,541
Housing benefits and allowances	327,386	340,315
Cell phone allowance	234,618	274,413
Contribution to Pension and Providend funds	5,554,787	4,816,904
Executive packages	4,501,006	2,769,675
Standby allowances	165,000	126,000
Group life insurance	516,523	442,560
	60,740,189	**48,208,182**

Remuneration of Ms PME Kaota - Municipal Manager

Annual remuneration	737,739	-
Car allowance	202,134	-
Bonus - 13th cheque	61,478	-
Contributions to UIF, medical and pension funds	144,214	-
Cellphone allowance	36,000	-
Housing allowance	84,000	-
	1,265,565	**-**

Ms ME Kaota was appointed in July 2013 and replaced the Acting Municipal Manager Mr Pitso. Mr Pitso replaced Mr Mthombeni. Mr Mthombeni replaced Me Aaron.

Remuneration of Me NE Aaron - Municipal Manager

Annual Remuneration (Jul 2012 - Nov 2012)	-	255,690
Car allowance	-	56,413
Bonus - 13th cheque	-	51,138
Contributions to UIF, Medical and Pension funds	-	67,740
Cell phone allowance	-	4,000
Housing allowance	-	25,000
	-	**459,981**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

18. Employee related costs (continued)

Remuneration of Mr PK Pitso - Chief Finance Officer

Annual remuneration	546,040	393,107
Car allowance	119,249	113,078
Bonus - 13th cheque	33,333	-
Contributions to UIF, medical and pension funds	139,275	92,379
Acting allowance as MM	3,071	4,127
Housing allowance	60,000	33,500
Cell phone allowance	19,800	15,700
	920,768	**651,891**

Mr PK Pitso was appointed in October 2012 as Chief Finance Officer. He Replaced the Acting CFO - Mr Heunis.

Remuneration of Me N Gqoli - Acting Chief Finance Officer

Acting allowance (Dec 2013)	3,071	13,384

Remuneration of Mr TA Jonas - Manager LED

Annual Remuneration	515,712	440,352
Car Allowance	120,000	221,884
Bonus - 13th cheque	33,705	-
Contributions to UIF, Medical and Pension Funds	124,129	51,684
Acting allowance	4,109	-
Housing allowance	56,703	10,892
Cell phone allowance	9,000	-
	863,358	**724,812**

Mr Jonas was appointed in February 2012 as the Manager - LED.

Remuneration of Mr TL Skele - Acting Manager LED

Acting allowance (Sept 2013)	4,109	-

Remuneration of Mr MJ Mahlanyane - Manager Corporate Services

Annual Remuneration	360,000	-
Car Allowance	108,655	-
Contributions to UIF, Medical and Pension Funds	101,345	-
Cell phone allowance	11,400	-
	581,400	**-**

Mr Mahlanyane was appointed in October 2013 and replaced the Acting Manager Corporate Services - Mr Peterson.

Remuneration of Mr C Peterson - Acting Manager Corporate Services

Acting allowance (Jul 2012 - Dec 2012)	-	5,815

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

18. Employee related costs (continued)

Remuneration of Mr MM Mthombeni - Manager Environmental Health and Disaster Management

Annual Remuneration	515,712	520,000
Car Allowance	103,452	142,907
Bonus - 13th cheque	40,376	37,695
Contributions to UIF, Medical and Pension Funds	137,380	135,426
Housing allowance	60,000	25,000
Acting allowance as MM (Dec 2012 - May 2013)	-	30,653
Cell phone allowance	13,000	13,971
	869,920	**905,652**

Mr Mthombeni was appointed in February 2012.

Remuneration of Mr D Kirsten - Acting Manager Environmental Health and Disaster Management

Acting allowance	-	7,825

19. Remuneration of councillors

Executive mayor	846,004	831,328
Speaker	437,421	441,188
Mayoral committee members	3,983,412	3,608,238
Councillors	3,446,597	3,240,698
	8,713,434	**8,121,452**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

19. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Executive Mayor has the use of a council owned vehicle for official duties as well as two drivers.

	2014	2013 Restated
Remuneration of Cllr Speelman - Executive Mayor		
Annual remuneration (from June 2014)	28,480	-
Travel allowance	12,022	-
Cellphone allowance	1,746	-
Contributions to UIF, medical aid and pension funds	5,061	-
	47,309	**-**

	2014	2013 Restated
Remuneration of Cllr Leeto - Executive Mayor		
Annual remuneration (July 2012 - May 2014)	462,501	490,616
Travel allowance	188,922	196,283
Cellphone allowance	38,335	104,601
Contributions to UIF, medical aid and pension funds	108,546	39,828
	798,304	**831,328**

	2014	2013 Restated
Remuneration of Cllr Olifant - Speaker		
Annual remuneration (June 2014)	31,294	-
Travel allowance	13,740	-
Cellphone allowance	1,739	-
Contributions to UIF, medical aid and pension funds	5,770	-
	52,543	**-**

	2014	2013 Restated
Remuneration of Cllr Speelman - Speaker		
Annual remuneration (Jul 2013 - May 2014)	246,420	168,779
Travel allowance	94,461	63,792
Cellphone allowance	4,361	4,923
Contributions to UIF, medical aid and pension funds	39,998	27,660
	385,240	**265,154**

	2014	2013 Restated
Remuneration of Cllr Rubulana - Speaker		
Annual remuneration (Jul 2012 - Oct 2012)	-	108,375
Travel allowance	-	40,945
Cellphone allowance	-	5,182
Contributions to UIF, medical aid and pension funds	-	20,797
	-	**175,299**

	2014	2013 Restated
Executive members (7 members)		
Annual remuneration	2,367,647	2,169,658
Travel allowance	968,611	868,373
Cellphone allowance	112,449	105,212
Contributions to UIF, medical aid and pension funds	532,004	464,995
	3,980,711	**3,608,238**

	2014	2013 Restated
Part time councillors (17 members)		
Annual remuneration	1,718,959	1,770,769
Travel allowance	698,491	693,492
Cellphone allowance	239,737	126,960

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

19. Remuneration of councillors (continued)

Contributions to UIF, PAYE, medical aid and pension funds	464,842	342,219
Session allowance	323,152	307,258
	3,445,181	**3,240,698**

20. Transfers to local municipalities

Expenditure during the financial year	1,563,049	1,950,000

The municipality paid loan repayments on behalf of Matjhabeng local municipality during the year.

21. Depreciation and amortisation

Property, plant and equipment	6,229,356	7,145,106

22. Impairment of assets

Impairments		
Receivables from non-exchange transactions	(2,911,381)	4,185

23. Finance costs

Non-current financial liabilities	2,582,857	2,840,657

24. Repairs and maintenance

Repairs and maintenance	404,943	438,257

25. Consulting and professional fees

Legal services	361,665	487,385
Consultant fees	1,287,079	1,362,136
	1,648,744	**1,849,521**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

26. General expenses

Advertising	159,620	216,309
Agriculture project	-	1,242,050
Arts and culture	146,390	640,175
Auditors remuneration	2,015,513	1,720,781
Bank charges	57,853	63,098
Branding of the municipality	237,716	71,650
Bursaries	1,265,492	595,593
Campaigns	871,659	568,950
Children's programme	28,995	285,026
Cleaning	21,010	114,929
Co-operative development	810,000	-
Commission paid	855,473	973,785
Educational project	760,906	541,722
Electricity	333,681	320,693
Entertainment	269,916	575,755
Environmental development	81,000	316,486
Expanded Public Works Programme	784,240	999,258
Festivals	2,195,514	3,254,386
Financial Management Reforms	1,234,110	1,232,125
Fuel and oil	322,268	320,571
Gender disability	292,300	43,850
Grant in aid	592,058	1,302,611
Insurance	147,459	134,203
Internet expenses	327,576	228,206
LED Development	88,464	500,000
Lease payments	231,639	212,000
Levies	455,224	-
Licence fees	198,324	264,882
Magazines, books and periodicals	1,528	70,410
Membership fees	525,250	479,063
Moral regeneration	246,962	196,820
OR Tambo games	661,260	500,000
Other expenses	1,500,650	1,452,609
PPP (call centre)	-	959,991
Poverty alleviation	500,000	678,200
Printing and stationery	429,239	442,720
Property rates	52,820	50,092
Refuse	10,071	9,412
Security (Guarding of municipal property)	25,866	58,133
Sewerage and waste disposal	-	664
Software expenses	398,092	-
Telephone and fax	521,244	472,332
Tourism development	600,000	728,174
Training	1,903,393	2,899,621
Transport and freight	436,181	372,230
Women and children	-	370,000
Youth development	241,775	1,029,858
	22,838,731	**27,509,423**

27. Auditors' remuneration

Fees	2,015,513	1,720,781

28. Financial instruments disclosure

Categories of financial instruments

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

. Financial instruments disclosure (continued)

2014

Financial assets

	At amortised cost	Total
Other financial assets	30,000,000	30,000,000
Receivables from non-exchange transactions	4,403,262	4,403,262
Cash and cash equivalents	18,377,467	18,377,467
	52,780,729	**52,780,729**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	14,960,102	14,960,102
Payables from exchange transactions	7,137,911	7,137,911
	22,098,013	**22,098,013**

2013

Financial assets

	At amortised cost	Total
Other financial assets	20,000,000	20,000,000
Receivables from non-exchange transactions	1,552,456	1,552,456
Cash and cash equivalents	19,981,927	19,981,927
	41,534,383	**41,534,383**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	16,545,187	16,545,187
Trade and other payables from exchange transactions	6,459,301	6,459,301
	23,004,488	**23,004,488**

29. Cash generated from operations

	2014	2013
Surplus	4,057,319	3,708,132
Adjustments for:		
Depreciation and amortisation	6,229,356	7,145,106
Gain (loss) on sale of assets and liabilities	476,756	(67,977)
Impairment	(2,911,381)	4,185
Movements in retirement benefit assets and liabilities	3,377,828	(242,581)
Movements in provisions	460,966	-
Non-cash journals	(425,225)	(1,391,202)
Changes in working capital:		
Other receivables from non-exchange transactions	60,575	(930,395)
Payables from exchange transactions	678,610	1,684,420
VAT	(84,641)	1,124,603
	11,920,163	**11,034,291**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

30. Commitments

Authorised capital expenditure

Operating commitments

Operating expenses	21,971	-
Professional fees	751,317	677,975
	773,288	**677,975**

31. Contingencies

Contingent liabilities		
5 (2011:5) Current employees claiming long service bonus and leave as well as reinstatement of employee	-	1,403,528
Wager curve dispute	-	2,674,906
Dikgalabolokwe CC	-	100,000
Ex - Municipal Manager claiming termination benefits prior to the contract's expiry date	114,383	-
Current employee declared dispute	62,494	-
	176,877	**4,178,434**

The ex-Municipal Manager claimed termination benefits of the contract prior to its expiry date to the value of R114,383.

Current employee declared a dispute on the post level.

32. Related parties

Relationships	
Controlled entity	Lejweleputswa Development Agency (SOC) Ltd
Members of management	Notes: 18, 19

Related party balances

Investments		
Investment in subsidiary	100	100
Transfers		
Lejweleputswa Development Agency (SOC) Ltd	2,500,000	2,500,000
Purchases from related parties		
Mayigubhe Trading Enterprise CC	-	500,000

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

33. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

1. Property plant and equipment restated

The asset report from prior year did not agree to the annual financial statements of 2013.

The effect of this adjustment on the prior year is as follows:

Adjustments affecting the statement of financial position	
Increase in net Property, plant and equipment	594,132
Decrease in intangibles	(100,067)
Increase in Accumulated Depreciation	(494,065)
	-

2. Unspent conditional grants

Grants were not treated according to GRAP 24 in the prior years.

The effect of these adjustments on the prior year are as follows:

Adjustments affecting the statement of financial position	
Decrease in accumulated surplus	581,039
Adjustments affecting the statement of financial performance	
Increase in grant income	(581,039)

Statement of Financial Performance for the year ended 2014	Balance as previously reported	Prior period error	Reclassified - note 34	Restated balance
Revenue				
Grant income	99,930,801	581,039	-	100,511,840
Total revenue	99,930,801	581,039	-	100,511,840

Figures in Rand	2014	2013 Restated

33. **Prior period errors (continued)**

Statement of Financial Position as at 2014	Balance as previously reported	Prior period error	Reclassified - note 34	Restated balance
Assets				
Current Assets				
Cash and cash equivalents	14,981,927	-	5,000,000	19,981,927
Financial assets	25,000,000	-	(5,000,000)	20,000,000
Total current assets	39,981,927	-	-	39,981,927
Non-current Assets				
Property, plant and equipment	73,722,565	594,132	-	74,316,697
Intangible assets	3,120,248	(100,067)	-	3,020,181
Total non-current assets	76,842,813	494,065	-	77,336,878
Net Assets				
Accumulated surplus - Opening balance	87,569,048	371,670	-	87,940,718
Total net assets	87,569,048	371,670	-	87,940,718

34. **Comparative figures**

Certain comparative figures have been reclassified (refer to note 33) for the details of the reclassification. The reclassification was done on the ABSA call account. This was disclosed in the past as an investment and should have been disclosed as cash and cash equivalents.

35. **Risk management**

Financial risk management

The municipality's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities	1,847,014	13,113,088	-	-
Payables from exchange transactions	7,137,911	-	-	-

At 30 June 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Financial liabilities	1,585,085	14,960,102	-	-
Payables from exchange transactions	6,459,301	-	-	-

35. Risk management (continued)

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Cash and cash equivalents and investments - the municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa. The municipality does not expect any counterparty to fail to meets its obligation.

Receivables from non-exchange transactions - management evaluated credit risk relating to customers on an ongoing basis. If there is no independent rating, risk control assessess the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2014	2013
Receivables from non-exchange transactions	4,403,262	1,552,456
Cash and cash equivalents	18,377,467	19,981,927

Market risk

Interest rate risk

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

The risk is managed on an on-going basis.

36. Going concern

We draw attention to the fact that at 30 June 2014, the municipality had a surplus of R 4,057,319 and the municipality's total assets exceed its liabilities by R 92,378,832.

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.

37. Events after the reporting date

There was no events after the reporting date, which needs to be disclosed.

38. Unauthorised expenditure

Opening balance	1,595,540	1,367,850
Unauthorised expenditure during the year	-	227,690
	1,595,540	**1,595,540**

39. Fruitless and wasteful expenditure

Opening balance	288,680	288,680

The expenditure includes interest paid for late payment to suppliers.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

40. Irregular expenditure

Opening balance	31,243,921	25,549,016
Add: Irregular Expenditure - councillors remuneration	1,392,769	1,504,455
Add: Irregular Expenditure - Supply chain	-	5,299,217
Add: Irregular Expenditure - Employee related cost	-	395,688
Less: Amounts recoverable (transferred to receivables)	(1,392,769)	(1,504,455)
	31,243,921	**31,243,921**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Councillors remuneration	Councillors qualify as Grade 4, but were paid as Grade 5 councillors.	1,392,769

Details of irregular expenditure amounts recoverable (transferred to receivables)

Councillors Remuneration - councillors qualify as Grade 4, but were paid as Grade 5 councillors	1,504,455
The full extend of the irregular expenditure for the year is still under investigating.	

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	508,194	479,063
Amount paid - current year	(508,194)	(479,063)
	-	-

Audit fees

Current year subscription / fee	2,015,513	1,720,781
Amount paid - current year	(2,015,513)	(1,720,781)
	-	-

PAYE, SDL and UIF

Current year subscription / fee	11,520,000	9,161,849
Amount paid - current year	(11,520,000)	(9,161,849)
	-	-

Pension and medical aid deductions

Medical aid	3,321,868	4,652,739
Pension fund	6,768,955	8,521,000
	10,090,823	**13,173,739**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013 Restated

41. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	89,391	4,750

VAT output payables and VAT input receivables are shown in note 6.

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

Councillors' arrear consumer accounts

There are no councillor accounts in arrears for a period greater than 90 days.

42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviations according to the 5 categories in paragraph 36	Rand value (2014)	Number of transactions (2014)
Emergency	28,297	4
Supplies from sole supplier	25,588	6
In any other exceptional case where it is impractical / impossible to follow the SCM process	1,693,548	6
	1,747,433	**16**

43. Budget differences

Material differences between budget and actual amounts

Interest received - trading: the budgeted amount was net of impairment.

Interest received - investments - the amount budgeted for was based on a more conservative approach on a volatile market.

Appendix A

Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at 30 June 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
Total external loans			-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

Cost/Revaluation							Accumulated depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Infrastructure														
Community Assets														

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Specialised vehicles														
Other assets														

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Agricultural/Biological assets														
Intangible assets														
Investment properties														
Total														

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance & Admin/Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comm. & Social/Libraries and archives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road Transport/Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Municipal Owned Entities														
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Total														
Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
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Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Aug	Dec	Mar	Jun		Mar	Jun	Sep	Dec	Mar	Mar	Jun	Sep	Dec	Mar		Yes/ No	
Equitable share	National Treasury	26,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
Transitional Grang	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
FMG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
MSIG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
EPWP	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		26,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.