uMGUNGUNDLOVU

UMASIPALA WESIFUNDA

DISTRICT MUNICIPALITY

DISTRIK MUNISIPALITEIT

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2014

General Information

Executive Committee	
Mayor	Y Bhamjee (ANC)
Deputy Mayor	T R Zungu (ANC)
	Other Councillors
	R.P Ashe (DA)
	F N Mbatha (ANC)
	S E Mkhize (ANC)
	B A Mchunu(ANC)
	E Z Ntombela(ANC)
	B E Zuma(IFP)
	J S Majola(DA)
PART TIME COUNCILLORS	
	M S Bond (DA)
	N V Duze (ANC)
	M E Madlala (IFP)
	P W Moon (ANC)
	S Makhanya (ANC)
	L Mchunu (ANC)
	N Msimang(ANC)
	V M Mncwabe (IFP)
	S A Mkhize(ANC)
	D A Ndlela (ANC)
	M D Ndlovu (DA)
	P Ngidi (ANC)
	B E Zuma (IFP)
	B I Mncwabe (NFP)
	STJ Ndlovu(ANC)
	M Ngcobo (ANC)
	M A Tarr(ANC)
	P Jaca (ANC)
	B Shozi(ANC)
	G S Maseko(ANC)
	S M Mbatha-Ntuli(ANC)
	Shabalala J (ANC)
	C D Gwala (ANC)
	P Moonsamy (ANC)
	M Maphumulo (ANC)
	T A Gwala (ANC)
	Nhlabathi (DA)
	M J Grueneberg (DA)
	N Maphumulo (NFP)
	C Bradely (DA)
	L Skhakhane (DA)
	D Buthelezi (ANC)
	G Dladla (ANC)
	NJ Zungu (ANC)
Grading of local authority	Grade 5
WHIP	S C Gabela (ANC)

General Information

SPEAKER	E M Dladla (ANC)
MANAGEMENT	Municipal Manager- T L S Khuzwayo Acting Executive Manager - Financial Services - N Mchunu (Appointed 16 October 2013) Executive Manager- Financial Services- B Ndlovu (Resigned 30 September 2013) Executive Manager - Corporate Services - M Mathe Executive Manager - Technical Services - E B Mbambo Executive Manager - Community Services - RM Baloyi
Registered office	242 Langalibalele Street (Longmarket) Pietermaritzburg 3201
Postal address	P O Box 3235 Pietermaritzburg 3200
Bankers	First National Bank
Auditors	Auditor General
Website	www.umdm.gov.za
Other Information	Telephone: 033 897 6700 Fax : 033 342 5502

Index

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

Index

Abbreviations

ANC	African National Congress
DA	Democratic Alliance
DBSA	Development Bank of South Africa
GEPF	Government Employee Pension Fund
GRAP	Generally Recognised Accounting Practice
HOD	Head of Department
IAS	International Accounting Standards
IFP	Inkatha Freedom Party
IMFO	Institute of Municipal Finance officers
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
SALGA	South African Local Government Association
NFP	National Freedom
NJMP	Natal Joint Municipal Pension
PPE	Property Plant and Equipment
SA GAAP	South African Statements of Generally Accepted Accounting Practice
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 was given unrestricted access to all financial records and related data.

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

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

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

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

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

Auditor General is responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by Auditor General and his report is presented to the speaker of the council upon completion of the audit.

The annual financial statements set out on pages 6 to 39, which have been prepared on the going concern basis, were approved by the accounting officer on 28 August 2014 and were signed on its behalf by:

Accounting Officer
T L S Khuzwayo

Accounting Officer's Report

Liquidity ratio 1.65:1 (1.8:1)
The Municipality has enough short term assets to finance short term liabilities.
Solvency ratio 4.71 (6.0)
Assets are almost 5 times the liabilities, the Municipality will be able to meet all its short and long term obligations.
Cash ratio 0.82% (0.94%)
There is sufficient cash to pay short term liabilities.

1. Going concern

We draw attention to the fact that at 30 June 2014 , the municipality had an accumulated a surplus of R 930 804 591 (R774 220 612) at 30 June 2013 .

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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the municipality continues to secure funding for its ongoing operations

2. Subsequent events

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

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013
ASSETS			
Current Assets			
Inventories	2	6,343,172	2,245,112
Receivables from exchange transactions	3	110,180,249	80,818,210
Consumer debtors	4	89,587,488	42,910,986
Cash and cash equivalents	5	205,282,937	136,998,580
		411,393,846	**262,972,888**
Non-Current Assets			
Property, plant and equipment	6	794,568,512	681,622,315
TOTAL ASSETS		**1,205,962,358**	**944,595,203**
LIABILITIES			
Current Liabilities			
Long-term portion of Long term liabilities	7	73,803,724	3,648,346
Payables from exchange transactions	8	68,689,671	47,809,427
Consumer deposits	9	4,749,740	4,527,350
Unspent conditional grants	10	56,118,629	52,133,933
Provisions	11	25,032,000	25,382,000
Vat payable	12	18,714,775	12,724,063
		247,108,539	**146,225,119**
Non-Current Liabilities			
Long-term portion of Long term liabilities	7	6,021,088	9,953,749
TOTAL LIABILITIES		**253,129,627**	**156,178,868**
NET ASSETS		**952,832,731**	**788,416,335**
Reserves			
Revaluation reserve	13	22,207,149	14,195,738
Accumulated surplus		930,625,582	774,220,612
TOTAL NET ASSETS		**952,832,731**	**788,416,350**

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Revenue			
Revenue from exchange transactions			
Service charges	14	132,685,082	118,135,897
Interest received from customer late payments		19,490,753	12,855,690
Rental income		405,298	288,622
Profit on disposal assets		-	13,706
Other income	15	2,475,062	15,048,976
Interest received		10,412,984	7,979,036
Gains on disposal of assets		-	413,458
Total revenue from exchange transactions		**165,469,179**	**154,735,385**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies		533,093,404	467,412,599
Total revenue	16	**698,562,583**	**622,147,984**
Expenditure			
Administration		(666,053)	(492,076)
Bulk purchases	22	(71,335,728)	(63,345,618)
Contracted services	23	(140,548,603)	(152,157,358)
Debt impairment	21	(39,455,056)	(57,372,734)
Depreciation and amortisation	19	(55,451,779)	(80,075,262)
Finance costs	20	(2,975,891)	(1,919,004)
General Expenses	24	(77,569,646)	(82,669,238)
Impairment loss		(9,722)	(41,255)
Loss on disposal of assets		-	(926,167)
Personnel	17	(157,175,892)	(151,410,989)
Remuneration of councillors	18	(9,944,341)	(9,466,066)
Repairs and maintenance		(3,310,593)	(1,980,505)
Total expenditure		**(558,443,304)**	**(601,856,272)**
Operating surplus		**140,119,279**	**20,291,712**
Fair value adjustments		16,546,512	-
Surplus for the year		**156,665,791**	**20,291,712**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2012	**18,771,738**	**759,057,679**	**777,829,417**
Changes in net assets			
Prior year errors	(4,576,000)	(5,128,779)	(9,704,779)
Net income (losses) recognised directly in net assets	(4,576,000)	(5,128,779)	(9,704,779)
Surplus for the year	-	20,291,712	20,291,712
Total recognised income and expenses for the year	(4,576,000)	15,162,933	10,586,933
Total changes	(4,576,000)	15,162,933	10,586,933
Balance at 01 July 2013	**14,195,738**	**774,220,612**	**788,416,350**
Changes in net assets			
Revaluations of Infrustructure	5,211,411	-	5,211,411
Prior period errors	-	(260,821)	(260,821)
Revaluation of Buildings	2,800,000	-	2,800,000
Net income (losses) recognised directly in net assets	8,011,411	(260,821)	7,750,590
Surplus for the year	-	156,665,791	156,665,791
Total recognised income and expenses for the year	8,011,411	156,404,970	164,416,381
Total changes	8,011,411	156,404,970	164,416,381
Balance at 30 June 2014	**22,207,149**	**930,625,582**	**952,832,731**

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Sale of goods and services		15,917,498	27,205,119
Grants		533,093,404	467,412,599
Interest income		10,412,984	20,834,726
Other receipts		-	14,499,027
		559,423,886	529,951,471
Payments			
Employee costs		(167,120,233)	(160,877,055)
Suppliers		(27,106,226)	(61,515,734)
Finance costs		(2,975,891)	(1,919,004)
Other payments		(222,300,834)	(218,854,940)
		(419,503,184)	(443,166,733)
Net cash flows from operating activities	28	**139,920,702**	**86,784,738**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(143,849,775)	(77,953,295)
Proceeds from sale of property, plant and equipment	6	-	413,458
Other cash item		(16,546,511)	-
Net cash flows from investing activities		**(160,396,286)**	**(77,539,837)**
Cash flows from financing activities			
Proceeds from long-term portion of long term liabilities		70,000,000	-
Repayment of long-term portion of long term liabilities		12,769,229	(3,407,151)
Movement in VAT payable		5,990,712	-
Net cash flows from financing activities		**88,759,941**	**(3,407,151)**
Net increase/(decrease) in cash and cash equivalents		**68,284,357**	**5,837,750**
Cash and cash equivalents at the beginning of the year		136,998,580	131,160,831
Cash and cash equivalents at the end of the year	5	**205,282,937**	**136,998,581**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	100,153,000	(7,632,000)	**92,521,000**	132,685,082	**40,164,082**	
Interest received	12,000,000	-	**12,000,000**	19,490,753	**7,490,753**	
Rental income	-	-	**-**	405,298	**405,298**	
Other income	22,057,000	1,210,000	**23,267,000**	2,475,062	**(20,791,938)**	
Interest received from customers	-	16,343,000	**16,343,000**	10,412,984	**(5,930,016)**	
Total revenue from exchange transactions	**134,210,000**	**9,921,000**	**144,131,000**	**165,469,179**	**21,338,179**	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	461,334,000	36,530,000	**497,864,000**	533,093,404	**35,229,404**	
Total revenue	**595,544,000**	**46,451,000**	**641,995,000**	**698,562,583**	**56,567,583**	
Expenditure						
Personnel	(149,697,000)	-	**(149,697,000)**	(157,175,892)	**(7,478,892)**	
Remuneration of councillors	(15,579,000)	2,279,000	**(13,300,000)**	(9,944,341)	**3,355,659**	
Administration	-	-	**-**	(666,053)	**(666,053)**	
Depreciation and amortisation	(58,725,000)	-	**(58,725,000)**	(55,451,779)	**3,273,221**	
Impairment loss/ Reversal of impairments	-	-	**-**	(9,722)	**(9,722)**	
Finance costs	(2,000,000)	-	**(2,000,000)**	(2,975,891)	**(975,891)**	
Debt impairment	(30,929,000)	-	**(30,929,000)**	(39,455,056)	**(8,526,056)**	
Repairs and maintenance	-	-	**-**	(3,310,593)	**(3,310,593)**	
Bulk purchases	(61,800,000)	(3,500,000)	**(65,300,000)**	(71,335,728)	**(6,035,728)**	
Contracted Services and materials	(67,084,000)	(16,212,000)	**(83,296,000)**	(140,548,603)	**(57,252,603)**	
Grants and subsidies paid	(9,232,000)	-	**(9,232,000)**	-	**9,232,000**	
General Expenses	(148,856,000)	(4,109,000)	**(152,965,000)**	(77,569,646)	**75,395,354**	
Total expenditure	**(543,902,000)**	**(21,542,000)**	**(565,444,000)**	**(558,443,304)**	**7,000,696**	
Operating surplus	**51,642,000**	**24,909,000**	**76,551,000**	**140,119,279**	**63,568,279**	
Fair value adjustments	-	-	**-**	16,546,512	**16,546,512**	
Surplus before taxation	**51,642,000**	**24,909,000**	**76,551,000**	**156,665,791**	**80,114,791**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**51,642,000**	**24,909,000**	**76,551,000**	**156,665,791**	**80,114,791**	

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), including any interpretations,guidelines and directives issued by the Accounting Standard Board.

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.

1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, are as follows:

1.2 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 of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Accounting Policies

1.2 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

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

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

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

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

Item	**Average useful life**
Buildings	Fair Value (30 Years)
Plant and machinery	10 Years
Furniture and fixtures	15 Years
Motor vehicles	7 Years
IT equipment	5 Years
Computer software	5 Years
Infrastructure	
• Water	55 Years
• Sewerage	55 Years
Capital work in progress	Not depreciated (until Completed)
Fire Engines	20 Years
Mobile Offices	20 Years

1.2 Property, plant and equipment (continued)

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

1.3 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity 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.

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 of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be it's 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.

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.
- 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. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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.

1.4 Financial instruments

Classification

The municipality classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through surplus or deficit - held for trading
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

1.4 Financial instruments (continued)

A financial asset classified as available-for-sale that would have met the definition of loans and receivables may be reclassified to loans and receivables if the entity has the intention and ability to hold the asset for the foreseeable future or until maturity.

1.4 Financial instruments (continued)

Initial recognition and measurement

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

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

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

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

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

Regular way purchases of financial assets are accounted for at settlement date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm’s length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.We have used the method of recovery in the current year and non recovery was then used to create a doubtful debt provision hence we did not discount the debtors because of the materiality of the provision.

Payables from exchange transactions

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

Cash and cash equivalents

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

1.4 Financial instruments (continued)

Held to maturity

These financial assets are initially measured at fair value plus direct transaction costs.

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in surplus or deficit when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the municipality has transferred its rights to receive cash flows from the asset and either
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay. Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Impairment of financial assets

The municipality assesses at each statement of financial position date whether a financial asset or group of financial assets is impaired.

Assets are carried at amortised cost.

1.4 Financial instruments (continued)

If there is objective evidence that an impairment loss on loans and receivables carried 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 (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognised in surplus or deficit. The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

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. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.7 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.

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

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

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

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

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

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

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

Useful life is either:

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

1.8 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

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

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

Defined benefit plans

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

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

Consideration is given to any event that could impact the funds up to statement of financial position date where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the change in accounting policy over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the entity is demonstrably committed to curtailment or settlement.

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 the change in accounting policy, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. An annual charge to income is made to cover both these liabilities.

1.9 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.

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.

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

Provisions are not recognised for future operating deficits.

If an entity 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 an entity:

- 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 financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The uMgungundlovu District Municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

1.9 Provisions and contingencies (continued)

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.10 Revenue from exchange transactions

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

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

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

Rendering of services

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

1.11 Revenue from non-exchange transactions

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

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

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

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

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

1.11 Revenue from non-exchange transactions (continued)

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

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

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

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.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

1.12 Revenue

Revenue comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.13 Investment income

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

1.14 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the annual financial statements is ammended, prior period comparative amounts are reclassified.

1.15 Unauthorised expenditure

Unauthorised expenditure means:
- overspending of a vote or a main division within a vote;
- 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 change in accounting policy 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 change in accounting policy.

Accounting Policies

1.16 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 change in accounting policy 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 change in accounting policy.

1.17 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

1.18 Use of Estimates

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

1.19 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised when municapal valuation is more than carrying amount of the buildings.On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the change in accounting policy.

1.20 Conditional Grants and receipts

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

Accounting Policies

1.21 Budget information

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

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

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

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

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

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

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

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

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

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

2. Inventories

Stores, materials and fuels	6,250,034	2,245,112
Water	93,138	-
	6,343,172	**2,245,112**

3. Receivables from exchange transactions

Deposits	800,566	431,234
Agency Agreements	1,840,440	1,667,638
Trade Debtors	36,816,409	35,387,682
Prepaid expenses	2,993,366	2,568,690
Other debtors	-	193,104
MIG	66,590,951	39,713,756
Clearing account	1,138,517	856,106
	110,180,249	**80,818,210**

Trade and other receivables pledged as security

Trade and other receivables were not pledged as security for any overdraft facilities of the municipality.

4. Consumer debtors

Gross balances		
Water	343,762,933	257,728,481
Less: Allowance for impairment		
Water	(254,175,445)	(214,817,495)
Net balance		
Water	89,587,488	42,910,986
Water		
Current (0 -30 days)	23,614,363	11,488,618
31 - 60 days	8,001,387	12,944,445
61 - 90 days	9,856,895	23,058,982
91 - 120 days	6,229,386	31,970,999
121 - 365 days	6,259,525	4,934,819
> 365 days	289,801,378	173,330,618
Provision	(254,175,446)	(214,817,495)
	89,587,488	**42,910,986**
Reconciliation of allowance for impairment		
Balance at beginning of the year	(214,817,495)	(157,763,185)
Contributions to allowance	(39,357,950)	(57,054,310)
	(254,175,445)	**(214,817,495)**

The provision for bad debts has been calculated based on the individual risk profile of customers, i.e. customer have been categorised as high risk, very high risk, medium risk, low risk, and deceased customers. All government customers have been excluded from the provision from bad debts provision.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8,636	10,038
Bank balances	76,524,301	8,238,542
Short-term deposits	128,750,000	128,750,000
	205,282,937	**136,998,580**

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
FNB BANK-Public Sector Account - 62243484417	-	26,862	723	-	26,862	-
FNB BANK -Salaries Account - 50940092196	2,092,252	552,302	63,076	2,092,252	552,302	63,076
FNB BANK -Projects Account - 62023616462	10,834,502	2,251,517	2,642,499	10,834,502	2,251,517	2,642,499
STANDARD BANK - Call Account - 62215748289	55,705,004	557,546	29,313,740	55,705,004	557,546	29,313,740
FNB BANK - Cheque Account - 62411577193	305,045	112,519	-	305,045	112,519	-
FNB BANK - Main Account - 50940026773	7,588,245	4,737,796	25,277,101	7,587,435	4,737,796	25,277,101
FNB BANK - Cheque Account - 62400041985	64	-	-	64	-	-
ABSA BANK - Fixed Deposit - 2072673843	30,000,000	30,000,000	-	30,000,000	30,000,000	10,000,000
NEDBANK - 3 Months deposit - 03/7165014047/00023	30,000,000	30,000,000	-	30,000,000	30,000,000	20,000,000
STATE BANK OF INDIA- Term Deposit - 32620073030107	5,000,000	5,000,000	-	5,000,000	5,000,000	-
INVESTEC BANK-Fixed Deposit-455213	30,000,000	30,000,000	-	30,000,000	30,000,000	20,000,000
FNB BABK-Fixed Deposit-71101199555	3,750,000	3,750,000	-	3,750,000	3,750,000	3,750,000
STANDARD BANK-Fixed Deposit-358610095-004	30,000,000	30,000,000	-	30,000,000	30,000,000	20,000,000
Total	**205,275,112**	**136,988,542**	**57,297,139**	**205,274,302**	**136,988,542**	**131,046,416**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

6. 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	1,905,000	-	1,905,000	1,905,000	-	1,905,000
Buildings	30,200,059	-	30,200,059	27,400,059	-	27,400,059
Plant and machinery	7,504,751	(3,509,988)	3,994,763	5,510,014	(3,374,490)	2,135,524
Furniture and fixtures	4,090,056	(2,275,098)	1,814,958	3,726,208	(2,099,024)	1,627,184
Motor vehicles	6,136,708	(5,322,640)	814,068	6,136,708	(5,171,707)	965,001
IT equipment	5,555,148	(3,812,512)	1,742,636	4,843,475	(3,564,609)	1,278,866
Infrastructure	1,696,104,674	(1,189,860,403)	506,244,271	1,637,809,522	(1,151,982,318)	485,827,204
Other property, plant and equipment	6,187,068	(809,975)	5,377,093	4,959,672	(502,974)	4,456,698
Bins and containers	392,440	(80,560)	311,880	392,440	(61,067)	331,373
Work in Progress	242,163,784	-	242,163,784	155,695,406	-	155,695,406
Total	**2,000,239,688**	**(1,205,671,176)**	**794,568,512**	**1,848,378,504**	**(1,166,756,189)**	**681,622,315**

6. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Revaluations	Fair value adjustments	Depreciation	Impairment loss	Total
Land	1,905,000	-	-	-	-	-	1,905,000
Buildings	27,400,059	-	2,800,000	-	-	-	30,200,059
Plant and machinery	2,135,524	1,994,737	-	-	(135,498)	-	3,994,763
Furniture and fixtures	1,627,184	363,848	-	-	(176,074)	-	1,814,958
Motor vehicles	965,001	-	-	-	(150,933)	-	814,068
IT equipment	1,278,866	711,673	-	-	(247,903)	-	1,742,636
Infrastructure	485,827,204	53,083,743	5,211,411	16,546,512	(54,414,877)	(9,722)	506,244,271
Other property, plant and equipment	4,456,698	1,227,396	-	-	(307,001)	-	5,377,093
Mobile Offices	331,373	-	-	-	(19,493)	-	311,880
Work in Progress	155,695,406	86,468,378	-	-	-	-	242,163,784
	681,622,315	**143,849,775**	**8,011,411**	**16,546,512**	**(55,451,779)**	**(9,722)**	**794,568,512**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Disposals	Transfers	movements	Depreciation	Impairment loss	Total
Land	6,481,000	-	-	-	(4,576,000)	-	-	1,905,000
Buildings	27,400,059	-	-	-	-	-	-	27,400,059
Plant and machinery	1,615,827	23,091	-	701,910	-	(205,304)	-	2,135,524
Furniture and fixtures	1,801,817	191,326	-	-	-	(365,959)	-	1,627,184
Motor vehicles	1,091,912	-	(125,000)	(1,911)	-	-	-	965,001
IT equipment	2,022,890	485,926	-	-	-	(1,229,950)	-	1,278,866
Infrastructure	547,999,569	15,917,192	-	-	-	(78,048,302)	(41,255)	485,827,204
Other property, plant and equipment	5,457,682	-	(801,167)	-	-	(199,817)	-	4,456,698
Bins and containers	350,995	-	-	-	-	(19,622)	-	331,373
Work in Progress	98,488,855	61,335,760	-	(4,129,209)	-	-	-	155,695,406
	692,710,606	**77,953,295**	**(926,167)**	**(3,429,210)**	**(4,576,000)**	**(80,068,954)**	**(41,255)**	**681,622,315**

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

7. Other financial liabilities

At amortised cost		
DBSA Loan	79,824,812	13,602,095

The Loan from Development Bank South Africa are subject to interest at an average rate of 10% and are repayable over an average period of 20 years

Non-current liabilities		
At amortised cost	6,021,088	9,953,749
Current liabilities		
At amortised cost	73,803,724	3,648,346

8. Payables from exchange transactions

Trade payables	44,011,173	30,817,114
Retention	9,723,108	5,778,327
Accrued leave pay	10,567,927	7,097,885
Accrued bonus	3,799,257	3,119,576
Other accrued expenses	588,206	996,525
	68,689,671	**47,809,427**

Trade Payable Ageing		
0-30 Days	38,749,512	28,968,746
31-60 Days	4,625,267	540,222
61-90 Days	580,786	1,308,746
91-180 Days	1,057,847	-
	45,013,412	**30,817,714**

9. Consumer deposits

Water	4,749,740	4,527,350

The water deposits relates to amounts paid by customers and are refundable as and when the customer closes their water accounts. The municipality does not pay nor accrue any interest on these deposits.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

10. Unspent conditional grants

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Materials recovery Grant	19,553,972	19,553,972
Water Purification Grant	2,244,800	2,244,800
IRO Municipal Excellence	262,678	1,000,000
GIS Grant	1,001,017	276,152
Corridor Development Grant	550,000	550,000
KZN Sports	633,776	633,776
Massification Grant	-	9,098,344
HIV Awareness Grant	-	630,842
Shared deployment	800,000	800,000
Expanded Public Works	1,405,871	793,942
Accredited Councillor Training Programme	23,020	200,000
Rural roads asset management systems	952,181	428,926
Water and Sewer Works	15,235,291	105,417
Water Demand Management Grant	969,333	969,333
PTP Grant	308,817	308,817
Municipal Water Infrastructure Grant	4,027,338	-
Growth & Development Summit	-	121,479
Energy Sector	150,440	150,440
Corridor Development	4,000,000	10,000,000
Camperdown Waste Water works	4,000,095	4,267,693
	56,118,629	**52,133,933**

Movement during the year

Balance at the beginning of the year	52,133,933	42,412,602
Additions during the year	239,185,050	146,032,918
Income recognition during the year	(235,200,354)	(136,311,587)
	56,118,629	**52,133,933**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

11. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Additions	Reversed during the year	Total
Post Employment Benefits	16,167,000	-	(4,823,000)	11,344,000
Long service award	9,215,000	4,473,000	-	13,688,000
	25,382,000	**4,473,000**	**(4,823,000)**	**25,032,000**

Reconciliation of provisions - 2013

	Opening Balance	Additions	Total
Post Employment Benefit	3,918,000	12,249,000	16,167,000
Lond service award	-	9,215,000	9,215,000
	3,918,000	**21,464,000**	**25,382,000**

Post Employment Benefit Provision

Employees and pensioners of uMgungundlovu District Municipality belong to KeyHealth, SAMWUMED, LAHealth and Bonitas medical Schemes. The acturial valuation of uMgungundlovu District Municipality's post-employment health care liability as at 30 June 2014, for the purpose of reporting under GRAP 25 was performed by ZAQ Consultants and Actuaries.

The valuation basis assumes that the health care cost of inflation will be 0.82% less than the corresponding discount rate, in the long term, therefore a 1% increase in the health care cost inflation assumption will result in a 16% increase in the accrued liability. Similarly, a 1% decrease in the health care cost inflation assumption will result in a 13.2% decrease in the accrued liability.

A discount rate of 8.94% per annum has been used, as derived from the yield curve, without tax adjustments.

Long service Award provision

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year to the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy.

UMDM offers bonuses for every 5 years of completed service from 10 years to 45 years.

For the 30 June 2014 financial year, a 1% increase in the salary cost on inflation assumption will result in roughly a 6.79% increase in the accrued liability. Similarly a 1% decrease in the salary inflation assumption will result in roughly a 8.9% decrease in the accrued liability. The consumer price inflation of 6.25% p.a, rounded to the nearest 0.25% is obtained from the differential between the long term market yields on the index-linked bond consistent with the estimated terms of liabilities and those of nominal bond.

12. Vat payable

	2014	2013
Vat payable	18,714,775	12,724,063

13. Revaluation reserve

The revaluation reserve arose due to land and buildings recorded at market values.The valuation was perfomed by a professional valuer appointed by Local Municipalities where valued properties are situated.The municipality used valuation roll values to revalue its land and buildings.The valuation roll was implemented on 01 July 2009.

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

13. Revaluation reserve (continued)

Opening balance	14,195,738	14,195,738
Change during the year	8,011,411	-
	22,207,149	**14,195,738**

14. Service charges

Service charges	8,990	94,526
Sale of water	125,072,081	94,292,996
Sewerage and sanitation charges	7,604,011	23,748,375
	132,685,082	**118,135,897**

The municipality averages water loss to be approximately 55%. The loss is calculated by comparing quantity of water sold to quantity bought. The calcuation was arrived at by comparing water bought to water sold.
The increase in sale of water and sewerage charges is as a result of commercial customers transferred from uMngeni water.
Water losses were mainly due to illegal connections and leakages as a result of ageing infrastructure.

15. Other income

Project Income	259,282	220,024
Orio	-	7,267,157
uMsunduzi	-	6,577,490
Sundry Income	2,215,780	984,305
	2,475,062	**15,048,976**

16. Revenue

Service charges	132,685,082	118,135,897
Gains on disposal of assets	-	413,458
Interest received (trading)	19,490,753	12,855,690
Rental income	405,298	288,622
Profit on disposal of assets	-	13,706
Sundry Income	2,475,062	15,048,976
Interest received	10,412,984	7,979,036
Government grants & subsidies	533,093,404	467,412,599
	698,562,583	**622,147,984**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	132,685,082	118,135,897
Interest received (trading)	19,490,753	12,855,690
Rental income	405,298	288,622
Profit on disposal on assets	-	13,706
Sundry Income	2,475,062	15,048,976
Interest received - investment	10,412,984	7,979,036
	165,469,179	**154,321,927**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	533,093,404	467,412,599

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

17. Employee related costs

Basic	88,847,387	79,284,238
Medical aid - company contributions	1,636,785	12,337,786
UIF	715,149	618,688
WCA	-	1,033,691
SDL	1,298,689	1,136,695
Other payroll levies	33,012	29,158
Leave pay provision charge	4,104,706	(1,485,338)
Group Life Insurance	2,531,217	2,633,885
Defined contribution plans	20,587,505	20,045,325
Travel, motor car, accommodation, subsistence and other allowances	12,209,711	9,939,134
Overtime payments	7,283,733	4,235,953
Long-service awards	6,180,178	10,698,952
Acting allowances	783,422	1,547,148
Housing benefits and allowances	592,100	590,288
Holiday Bonus	7,702,005	6,513,725
Standby Allowance	2,570,884	2,168,829
Telephone Allowance	21,600	22,030
Clothing Allowance	58,370	60,798
Severence Pay	19,439	4
	157,175,892	**151,410,989**

Remuneration of Municipal Manager

Annual Remuneration	1,158,376	1,113,565
Travel Allowance	112,500	90,000
Performance Bonuses	62,040	94,530
Contributions to UIF, Medical and Pension Funds	14,835	-
	1,347,751	**1,298,095**

Remuneration of SEM: Financial Services

Annual Remuneration	511,476	712,952
Travel Allowance	67,599	270,395
Contributions to UIF, Medical and Pension Funds	38,198	116,580
Performance Bonus	87,739	105,152
Leave Pay	-	98,898
	705,012	**1,303,977**

Remuneration of SEM: Corporate Services

Annual Remuneration	894,887	862,456
Travel Allowance	240,000	183,853
Contributions to UIF, Medical and Pension Funds	11,170	-
	1,146,057	**1,046,309**

Remuneration of SEM: Technical Services

Annual Remuneration	674,827	579,964
Travel Allowance	270,395	270,395
Performance Bonuses	51,050	59,563
Contributions to UIF, Medical and Pension Funds	234,104	220,080
Acting Allowance	-	15,793
	1,230,376	**1,145,795**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

17. Employee related costs (continued)

Remuneration of SEM: Community Services

Annual Remuneration	844,482	393,667
Travel Allowance	163,849	63,900
Contributions to UIF, Medical and Pension Funds	101,002	34,889
	1,109,333	**492,456**

18. Remuneration of councillors

Mayor	865,966	823,651
Deputy Mayor	269,380	526,290
Speaker	686,432	647,983
Whip	644,861	608,720
Other Councillors	7,477,702	6,859,362
	9,944,341	**9,466,006**

19. Depreciation and amortisation

Property, plant and equipment	55,451,779	80,075,262

20. Finance costs

Interest paid (DBSA Loan)	2,975,891	1,919,004

21. Debt impairment

Contributions to debt impairment provision	40,185,174	57,054,309
Debts impaired	8,874	318,425
	40,194,048	**57,372,734**

22. Bulk purchases

Water	70,909,979	63,345,618
Sewer purification	425,749	-
	71,335,728	**63,345,618**

23. Contracted services

Fleet Services	55,273,736	42,125,655
Operating Leases	27,560,025	16,814,324
Other Contractors	57,714,842	93,217,379
	140,548,603	**152,157,358**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

24. General expenses

Advertising	1,379,674	616,743
Auditors remuneration	1,616,219	1,401,170
Bank charges	277,727	215,619
Consulting and professional fees	10,778,008	7,643,659
Consumables	1,444,533	6,235,084
Entertainment	1,222,031	1,484,259
Hiring charges	451,608	488,604
Insurance	699,967	724,785
Conferences and seminars	786,939	480,173
Lease rentals on operating lease	697,883	635,551
Levies	733,557	664,170
Magazines, books and periodicals	407,474	114,097
Medical expenses	138,905	50,088
Motor vehicle expenses	8,778,509	14,140,698
Postage and courier	743,553	582,539
Printing and stationery	1,402,123	1,272,519
Promotions	2,682,359	2,593,922
Protective clothing	648,328	2,731,047
Research and development costs	184,908	4,832
Royalties and license fees	1,412,526	1,472,904
Security (Guarding of municipal property)	7,042,310	6,516,462
Sports and recreation	6,792,735	7,634,325
Staff welfare	299,330	-
Subscriptions and membership fees	3,053,337	1,082,514
Telephone and fax	4,126,104	4,415,092
Training	2,265,329	2,002,365
Travel - local	1,793,944	2,114,861
Electricity	3,728,235	3,280,690
Social Development	3,101,737	2,464,642
Grant Expenditure	7,483,824	8,532,987
Intergrated Public Works Projects	445,065	615,792
Disaster awareness	95,999	168,900
Organisational expense	1,260	22,145
Local Economic Development	853,606	266,000
	77,569,646	**82,669,238**

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

25. Government grants and subsidies

Operating grants		
Equitable share	337,605,000	314,311,000
Municipal Water Infrastructure grant	4,722,662	-
FMG	1,250,000	1,250,000
Corridor Development	-	4,900,000
MSIG	897,000	1,000,000
SETA Grant	133,825	584,853
Rural roads management system	1,494,745	1,347,074
Rural transport	-	1,233,772
DBSA	-	590,956
Sports and Recreation	-	699,439
GIS Share Services	275,135	447,478
Intergovernmental Relations	250,777	153,874
Growth and Development	96,450	278,521
Expanded public works	388,071	206,058
Camperdown waste	267,597	-
H.I.V Grant	532,542	85,196
Water Demand Management grant	737,322	-
	348,651,126	327,088,221
Capital grants		
MIG	160,658,195	131,492,794
Massification	17,759,054	8,831,584
Growth and Development	25,029	-
Rural transport	6,000,000	-
	184,442,278	140,324,378
	533,093,404	**467,412,599**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	235,200,354	136,311,587
Unconditional grants received	297,893,050	33,101,012
	533,093,404	**169,412,599**

26. Investment revenue

Interest revenue		
Bank	10,412,984	7,979,036

27. Auditors' remuneration

Fees	1,616,219	1,401,170

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

28. Cash generated from operations

Surplus	156,665,791	20,291,712
Adjustments for:		
Depreciation and amortisation	55,451,779	80,075,262
Loss on sale of assets and liabilities	-	512,709
Fair value adjustments	(16,546,512)	-
Impairment loss	9,722	41,255
Debt impairment	39,455,056	57,372,734
Movements in provisions	(350,000)	21,464,000
Prior year error	(260,807)	(1,981,982)
Other non-cash items	-	976,092
Changes in working capital:		
Inventories	(4,098,060)	(2,245,112)
Receivables from exchange transactions	(29,362,039)	(28,189,365)
Consumer debtors	(86,131,558)	(89,982,069)
Payables from exchange transactions	20,880,244	11,287,214
VAT	-	7,219,465
Unspent conditional grants	3,984,696	9,721,331
Consumer deposits	222,390	221,492
	139,920,702	**86,784,738**

29. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	145,613,375	108,384,931

Contracted for operating commitments		
• Office Rental	3,014,637	640,728
• Equipment Rental	-	71,481
• Security	494,500	7,159,759
• Communication	-	43,995
• Maintenance	122,647,471	2,467,619
• Water Tankering	57,890,925	8,405,712
	184,047,533	**18,789,294**

This committed expenditure relates to plant and equipment and will be financed by available government grant being MIG.

30. Contingencies

Litigations are in the process against the municipality relating to: (1) damages suffered on two individuals motor vehicles due to collision with municipal vehicles driven by municipal employees(2)The subcontractor is suing the municipality for loss suffered when they were subcontracted by Municipal main contractor.

Contingent assets

The Municipality is suing former Chief Financial Officer , Municipal Manager and Amathonga Institute for payment made without services being performed. The transaction took place in 2007 and the Municipality is suing for R192 000.The municipality also procured TLB's with service contract but the service provider did not honour the contract by not servicing the plant when it was due for service. The Municipality is suing the service provider for the amount still to be determined , currently estimated to be less than R100 000.

31. Fruitless and wasteful expenditure

Interest due to late payment of creditors	131,838	291,004

Notes to the Annual Financial Statements

Figures in Rand	2014	2013

32. Irregular expenditure

Opening balance	26,632,770	5,643,110
Add: Irregular Expenditure - current year	-	26,714,665
Less: Amounts condoned	(26,632,770)	(5,643,110)
Less: Amounts recoverable (not condoned)	-	(81,895)
	-	**26,632,770**

33. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities		
Actual amount as presented in the budget statement	139,920,702	86,784,738
Investing activities		
Actual amount as presented in the budget statement	(160,396,286)	(77,539,837)
Financing activities		
Actual amount as presented in the budget statement	88,759,941	(3,407,151)
Net cash generated from operating, investing and financing activities	**68,284,357**	**5,837,750**

34. Prior period errors and change in accounting policy

The correction of the error(s) and change in accounting policy results in adjustments as follows:

Correction of Errors - Statement of financial position		
Post Employment benefits	-	5,783,000
Revenue adjustment	(260,821)	(654,194)
	(260,821)	5,128,806

35. 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 and includes a note to the annual financial statements.

The municipality recorded deviations totalling to R 19 928 726, in the last financial year and R 24 171 366 during the current financial year, that was ratified by Full Council at the respective meetings held during the financial year ended 30 June 2014.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY
Appendix A

Schedule of external loans as at 30 June 2014

	Loan Number	Redeemable	Balance at 01 July 2013 Rand	Redeemed during the period Rand	Balance at June 30, 2014 Rand
Development Bank of South Africa					
10%	10394	2016/03/31	31,080	9,368	21,712
10%	10180	2016/03/31	1,768,049	532,895	1,235,154
10%	10392	2015/09/30	160,528	59,556	100,972
10%	10158	2016/03/31	2,366,037	595,788	1,770,249
10%	10395	2017/03/31	787,765	169,139	618,626
11%	13851	2018/09/30	4,233,831	581,874	3,651,957
14.5%	12358	2015/12/31	82,317	40,025	42,292
14.5%	12359	2015/12/31	64,463	37,944	26,519
3	12360	2017/12/31	30,987	8,788	22,199
15.6%	12361	2012/12/31	-	-	-
16.32%	12363	2011/12/31	-	-	-
8%	12698	2014/06/30	14,963	9,777	5,186
8.5%	12699	2014/06/30	15,984	7,659	8,325
10%	12700	2015/0630	13,918	5,163	8,755
8,25%	12007528	2014/07/31	-	(70,000,000)	70,000,000
10%	9370	2014/09/30	627,103	407,801	219,302
10%	10181	2015/03/31	63,401	30,202	33,199
10%	10155	2015/03/31	1,156,255	549,945	606,310
10%	10157	2015/03/31	417,452	198,551	218,901
10%	10434	2016/03/31	1,768,050	532,896	1,235,154
			13,602,183	**(66,222,629)**	**79,824,812**
Total external loans			**13,602,183**	**(66,222,629)**	**79,824,812**