



UTHUKELA
UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY

Uthukela District Municipality
Unaudited Annual financial statements
for the year ended June 30, 2014

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

General Information

Legal form of entity	District Municipality
Nature of business and principal activities	The main business operations of the municipality is to engage in Local Government activities, which includes planning and promotion of integrated development planning, economic, social and environmental development and supplying of the following services to the community: the supply of water, sewerage and sanitation services, as well as infrastructure development. Water is obtained from the Department of Water Affairs and distributed to the consumers by the municipality.
Municipal Demarcation Code	DC23
Executive Committee	
Mayor	Cllr Ms. D.C.P Mazibuko Cllr N.W Sibiya Cllr A.S Mazibuko Cllr M.J Ntshaba Cllr B.C Mazibuko
Councillors	Vacant (Deputy Mayor) Cllr T.J. M Jeebodh (Speaker) Cllr M.G. Hlubi Cllr M.A Mkhize Cllr Z.J Sibisi Cllr T.P Shabalala Cllr N.M Hadebe Cllr S.B Sibisi Cllr V.R Mlotshwa Cllr N.M Hlomuka Cllr M.L Zwane Cllr T.M Cele Cllr Ms. B.R Madonsela Cllr T Xaba Cllr M.E Mbatha Cllr N.L Zikalala Cllr M Ngubane Cllr M.L Mlotshwa Cllr S.D Magubane Cllr K.V Vilakazi Cllr B.C Mabizela Cllr S.G Sikhakhane Cllr M.W Hadebe Cllr S.J Sithole Cllr Ms. T.Y Nqubuka Cllr Ms. T Shelembe
Grading of local authority	Grade 4 Medium Capacity
Accounting Officer	S.N Kunene
Chief Finance Officer (CFO)	Ms. P.H.Z Kubheka
Registered office	33 Forbes Street

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

General Information

	Ladysmith Tel: 036-6385100 Fax: 036-6385126 municipalmanager@uthukeladm.co.za
Postal address	PO Box 116 Ladysmith Kwazulu Natal 3370
Bankers	First National Bank
Auditors	Auditor General - South Africa

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

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 unaudited annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the unaudited 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 unaudited annual financial statements and was given unrestricted access to all financial records and related data.

The unaudited 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 unaudited 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 unaudited 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 12 months to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The accounting officer has reviewed the municipality's cash flow forecast for the 12 months to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements. The unaudited annual financial statements have been examined by the municipality's external auditors and their report is presented on page 5.

The unaudited annual financial statements set out on page 1 to 81, which have been prepared on the going concern basis, were approved by the accounting officer on 30 June 2014 and were signed on its behalf by:

Accounting Officer
S.N. kunene

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Financial Position as at June 30, 2014

	Note(s)	2014	2013
Assets			
Current Assets			
Inventories	7	4,588,990	5,852,799
Receivables from exchange transactions	8	5,600,191	6,181,426
Receivables from non-exchange transactions	9	628,734	506,957
Prepayments	6	-	594,000
Consumer debtors	10	352,593,945	35,478,433
Cash and cash equivalents	11	126,554,326	153,300,175
		489,966,186	201,913,790
Non-Current Assets			
Property, plant and equipment	3	1,889,844,713	1,709,850,452
Intangible assets	4	108,870	47,209
		1,889,953,583	1,709,897,661
Non-Current Assets		1,889,953,583	1,709,897,661
Current Assets		489,966,186	201,913,790
Non-current assets held for sale (and) (assets of disposal groups)		-	-
Total Assets		2,379,919,769	1,911,811,451
Liabilities			
Current Liabilities			
Other financial liabilities	16	2,904,571	2,627,608
Finance lease obligation	14	2,069,400	2,548,206
Payables from exchange transactions	18	90,448,418	64,472,480
Taxes and transfers payable (non-exchange)	19	14,990,376	16,444,589
Consumer deposits	20	9,390,119	8,758,905
Unspent conditional grants and receipts	15	41,560,078	133,389,894
VAT Payable	17	(6,662,374)	19,682,275
Bank overdraft	11	-	4,527,234
		154,700,588	252,451,191
Non-Current Liabilities			
Other financial liabilities	16	4,941,270	7,845,838
Finance lease obligation	14	104,826	1,691,905
Employee benefit obligation	5	11,203,960	10,602,037
		16,250,056	20,139,780
Non-Current Liabilities		16,250,056	20,139,780
Current Liabilities		154,700,588	252,451,191
Total Liabilities		170,950,644	272,590,971
Assets		2,379,919,769	1,911,811,451
Liabilities		(170,950,644)	(272,590,971)
Net Assets		2,208,969,125	1,639,220,480
Reserves			
Donations and public contributions	12	223,453	-
Total Net Assets		2,208,969,125	1,639,220,480

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Financial Performance

	Note(s)	2014	2013
Revenue			
Service charges	22	132,770,897	117,286,385
Interest received		44,044,579	39,236,762
Other income		1,909,929	5,075,640
Government grants & subsidies	23	618,381,641	495,985,099
Total revenue		797,107,046	657,583,886
Expenditure			
Employee related costs	26	(129,667,112)	(119,805,555)
Remuneration of councillors	27	(4,702,698)	(4,791,780)
Depreciation and amortisation	31	(42,520,805)	(32,001,282)
Impairment loss	32	-	163,767
Finance costs	33	(2,548,678)	(2,431,826)
Impairment of debtors	28	210,428,161	(244,001,250)
Repairs and maintenance		(22,082,294)	(13,476,535)
Bulk purchases	36	(7,232,242)	(3,857,201)
Contracted services	35	(46,771,843)	(45,289,471)
General Expenses	25	(181,618,624)	(183,808,093)
Total expenditure		(226,716,135)	(649,299,226)
		-	-
Total revenue		797,107,046	657,583,886
Total expenditure		(226,716,135)	(649,299,226)
Operating surplus		570,390,911	8,284,660
Loss on disposal of assets		(5,420,887)	(2,168,399)
Deemed cost adjustment in respect of property, plant and equipment	30	-	32,687,264
Gain (loss) on actuarial valuations		935,407	(76,479)
		(4,485,480)	30,442,386
Surplus before taxation		565,905,431	38,727,046
Surplus for the year		565,905,431	38,727,046

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Changes in Net Assets

	Donations and public contributions	Accumulated surplus	Total net assets
Balance at July 1, 2012	-	1,600,493,434	1,600,493,434
Changes in net assets			
Restated surplus for the year	-	38,727,046	38,727,046
Total changes	-	38,727,046	38,727,046
Balance at July 1, 2013	-	748,554,401	748,554,401
Changes in net assets			
Donations received	223,453	-	223,453
Prior year adjustments	-	894,285,840	894,285,840
Net income (losses) recognised directly in net assets	223,453	894,285,840	894,509,293
Surplus for the year	-	565,905,431	565,905,431
Total recognised income and expenses for the year	223,453	1,460,191,271	1,460,414,724
Total changes	223,453	1,460,191,271	1,460,414,724
Balance at 30 June 2014	223,453	2,208,745,672	2,208,969,125

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Cash Flow Statement

	Note(s)	2014	2013
Cash flows from operating activities			
Receipts			
Service charges		132,770,897	85,376,238
Grants		621,409,511	503,024,109
interest income		44,044,579	39,236,761
Other receipts		1,909,929	3,153,045
		<u>800,134,916</u>	<u>630,790,153</u>
Payments			
Employee and councillor costs		(133,434,403)	(124,673,814)
Suppliers and others		(604,671,871)	(340,240,143)
Finance costs		(2,548,678)	(2,431,826)
Other cash item		(32,687,254)	-
		<u>(773,342,206)</u>	<u>(467,345,783)</u>
Total receipts		800,134,916	630,790,153
Total payments		(773,342,206)	(467,345,783)
Net cash flows from operating activities	37	<u>26,792,710</u>	<u>163,444,370</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(14,209,285)	(101,466,302)
Sale of property, plant and equipment	3	5,230,535	-
Purchase of other intangible assets	4	(65,122)	-
Other cash item		-	39,236,761
		<u>(53,088,451)</u>	<u>(101,466,302)</u>
Cash flows from financing activities			
Decrease in long term loan		(2,627,605)	(2,379,613)
Nett increase in other liability		8,770,616	-
Increase / (decrease) in finance lease liability		(2,065,885)	770,295
		<u>4,077,126</u>	<u>(1,609,318)</u>
Net increase in cash and cash equivalents		(22,218,615)	60,368,750
Cash and cash equivalents at the beginning of the year		148,772,941	88,404,191
Cash and cash equivalents at the end of the year	11	<u>126,554,326</u>	<u>148,772,941</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	138,888,000	152,000	139,040,000	132,770,897	(6,269,103)	
Interest received	17,790,000	17,925,000	35,715,000	34,733,192	(981,808)	
Other income	275,000	1,055,000	1,330,000	1,909,929	579,929	
Government grants-Transfers recognised (operational)	277,744,000	(342,000)	277,402,000	273,925,787	(3,476,213)	
Interest received - investment	9,109,000	(420,000)	8,689,000	9,311,387	622,387	
Total revenue from exchange transactions	443,806,000	18,370,000	462,176,000	452,651,192	(9,524,808)	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants-Transfers recognised (capital)	193,847,000	138,377,000	332,224,000	327,872,996	(4,351,004)	
'Total revenue from exchange transactions'	443,806,000	18,370,000	462,176,000	452,651,192	(9,524,808)	
'Total revenue from non-exchange transactions'	193,847,000	138,377,000	332,224,000	327,872,996	(4,351,004)	
Total revenue	637,653,000	156,747,000	794,400,000	780,524,188	(13,875,812)	
Expenditure						
Personnel	(158,358,000)	26,665,000	(131,693,000)	(129,667,112)	2,025,888	
Remuneration of councillors	(5,612,000)	-	(5,612,000)	(4,702,698)	909,302	
Depreciation and amortisation	(35,936,000)	8,000	(35,928,000)	(42,520,805)	(6,592,805)	
Finance costs	(3,339,000)	1,523,000	(1,816,000)	(2,548,678)	(732,678)	
Debt impairment	(20,180,000)	(50,712,000)	(70,892,000)	210,428,161	281,320,161	
Repairs and maintenance	(18,898,000)	275,000	(18,623,000)	(22,082,294)	(3,459,294)	
Bulk purchases	(45,563,000)	(21,607,000)	(67,170,000)	(7,232,242)	59,937,758	
Contracted Services	(40,103,000)	(10,641,000)	(50,744,000)	(46,782,486)	3,961,514	
General Expenses	(51,053,000)	(15,831,000)	(66,884,000)	(181,607,981)	(114,723,981)	
Total expenditure	(379,042,000)	(70,320,000)	(449,362,000)	(226,716,135)	222,645,865	
	637,653,000	156,747,000	794,400,000	780,524,188	(13,875,812)	
	(379,042,000)	(70,320,000)	(449,362,000)	(226,716,135)	222,645,865	
Operating surplus	258,611,000	86,427,000	345,038,000	553,808,053	208,770,053	
Loss on disposal of assets and liabilities	-	-	-	(5,420,887)	(5,420,887)	
Gain on non-current assets held for sale or disposal groups	-	-	-	935,407	935,407	
	-	-	-	(4,485,480)	(4,485,480)	
	258,611,000	86,427,000	345,038,000	553,808,053	208,770,053	
	-	-	-	(4,485,480)	(4,485,480)	
Surplus before taxation	258,611,000	86,427,000	345,038,000	549,322,573	204,284,573	
Deficit before taxation	258,611,000	86,427,000	345,038,000	549,322,573	204,284,573	
Taxation	-	-	-	-	-	

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	258,611,000	86,427,000	345,038,000	549,322,573	204,284,573	
Reconciliation						

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4,124,000	1,729,000	5,853,000	4,588,990	(1,264,010)	
Receivables from exchange transactions	4,335,000	(3,234,000)	1,101,000	5,600,191	4,499,191	
Receivables from non-exchange transactions	-	-	-	628,734	628,734	
Consumer debtors from exchange transactions	210,706,000	(175,228,000)	35,478,000	352,593,945	317,115,945	
Cash and cash equivalents	145,173,000	6,135,000	151,308,000	126,554,326	(24,753,674)	
	364,338,000	(170,598,000)	193,740,000	489,966,186	296,226,186	
Non-Current Assets						
Property, plant and equipment	1,063,422,000	93,980,000	1,157,402,000	1,889,844,713	732,442,713	
Intangible assets	47,000	-	47,000	108,870	61,870	
	1,063,469,000	93,980,000	1,157,449,000	1,889,953,583	732,504,583	
Non-Current Assets	364,338,000	(170,598,000)	193,740,000	489,966,186	296,226,186	
Current Assets	1,063,469,000	93,980,000	1,157,449,000	1,889,953,583	732,504,583	
Non-current assets held for sale (and) (assets of disposal groups)	-	-	-	-	-	
Total Assets	1,427,807,000	(76,618,000)	1,351,189,000	2,379,919,769	1,028,730,769	
Liabilities						
Current Liabilities						
Borrowings (DBSA loans)	5,341,000	(165,000)	5,176,000	2,904,571	(2,271,429)	
Finance lease obligation	-	-	-	2,069,400	2,069,400	
Payables from exchange transactions	132,449,000	105,900,000	238,349,000	90,448,418	(147,900,582)	
Other accruals	-	-	-	14,990,376	14,990,376	
Consumer deposits	8,879,000	-	8,879,000	9,390,119	511,119	
Unspent conditional grants and receipts	-	-	-	41,560,078	41,560,078	
Provisions	42,023,000	(299,000)	41,724,000	-	(41,724,000)	
Bank Overdraft	-	-	-	(6,662,374)	(6,662,374)	
	188,692,000	105,436,000	294,128,000	154,700,588	(139,427,412)	
Non-Current Liabilities						
Borrowings (DBSA loans)	15,107,000	(5,569,000)	9,538,000	4,941,270	(4,596,730)	
Finance lease obligation	-	-	-	104,827	104,827	
Provisions (Retirement benefit obligation)	-	-	-	11,203,960	11,203,960	
	15,107,000	(5,569,000)	9,538,000	16,250,057	6,712,057	
	188,692,000	105,436,000	294,128,000	154,700,588	(139,427,412)	
	15,107,000	(5,569,000)	9,538,000	16,250,057	6,712,057	
	-	-	-	-	-	
Total Liabilities	203,799,000	99,867,000	303,666,000	170,950,645	(132,715,355)	

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Assets	1,427,807,000	(76,618,000)	1,351,189,000	2,379,919,769	1,028,730,769	
Liabilities	(203,799,000)	(99,867,000)	(303,666,000)	(170,950,645)	132,715,355	
Net Assets	1,224,008,000	(176,485,000)	1,047,523,000	2,208,969,124	1,161,446,124	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Donations and public contributions	-	-	-	223,452	223,452	
Accumulated surplus	1,224,008,000	(176,485,000)	1,047,523,000	2,208,745,672	1,161,222,672	
Total Net Assets	1,224,008,000	(176,485,000)	1,047,523,000	2,208,969,124	1,161,446,124	

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	83,498,000	(6,556,000)	76,942,000	132,770,897	55,828,897	
Government - operating	277,744,000	(342,000)	277,402,000	273,925,787	(3,476,213)	
Government - capital	193,847,000	138,377,000	332,224,000	347,483,724	15,259,724	
Other receipts	16,140,000	(7,451,000)	8,689,000	45,954,508	37,265,508	
	571,229,000	124,028,000	695,257,000	800,134,916	104,877,916	
Payments						
Employee costs	(163,970,000)	26,665,000	(137,305,000)	(133,434,403)	3,870,597	
Suppliers and other	205,733,000	98,508,000	304,241,000	(479,926,357)	(784,167,357)	
Finance costs	(3,339,000)	1,478,000	(1,861,000)	(2,548,678)	(687,678)	
Other payments	(6,000,000)	-	(6,000,000)	(32,687,254)	(26,687,254)	
	32,424,000	126,651,000	159,075,000	(648,596,692)	(807,671,692)	
Total receipts	571,229,000	124,028,000	695,257,000	800,134,916	104,877,916	
Total payments	32,424,000	126,651,000	159,075,000	(648,596,692)	(807,671,692)	
Net cash flows from operating activities	603,653,000	250,679,000	854,332,000	151,538,224	(702,793,776)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(196,037,000)	(148,923,000)	(344,960,000)	(177,833,965)	167,126,035	
Cash flows from financing activities						
Repayment of other financial liabilities	(5,035,000)	(141,000)	(5,176,000)	4,077,126	9,253,126	
Net cash flows from financing activities	(4,285,000)	(891,000)	(5,176,000)	4,077,126	9,253,126	
Net increase/(decrease) in cash and cash equivalents	403,331,000	100,865,000	504,196,000	(22,218,615)	(526,414,615)	
Cash and cash equivalents at the beginning of the year	109,118,000	39,655,000	148,773,000	148,772,941	(59)	
Cash and cash equivalents at the end of the year	512,449,000	140,520,000	652,969,000	126,554,326	(526,414,674)	

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Appropriation Statement

2014

Financial Performance

Service charges	138,888,000	152,000	139,040,000	-		139,040,000	132,770,897		(6,269,103)	95 %	96 %
Transfers recognised - operational	277,744,000	(342,000)	277,402,000	-		277,402,000	273,925,787		(3,476,213)	99 %	99 %
Other own revenue	27,174,000	18,560,000	45,734,000	-		45,734,000	45,954,508		220,508	100 %	169 %
Total revenue (excluding capital transfers and contributions)	443,806,000	18,370,000	462,176,000	-		462,176,000	452,651,192		(9,524,808)	98 %	102 %
Employee costs	(158,358,000)	26,665,000	(131,693,000)	-		(131,693,000)	(129,667,112)		2,025,888	98 %	82 %
Remuneration of councillors	(5,612,000)	-	(5,612,000)	-		(5,612,000)	(4,702,698)		909,302	84 %	84 %
Debt impairment	(20,180,000)	(50,712,000)	(70,892,000)	-		(70,892,000)	210,428,161		281,320,161	(297)%	(1,043)%
Depreciation and asset impairment	(35,936,000)	8,000	(35,928,000)	-		(35,928,000)	(42,520,805)		(6,592,805)	118 %	118 %
Finance charges	(3,339,000)	1,523,000	(1,816,000)	-		(1,816,000)	(2,548,678)		(732,678)	140 %	76 %
Materials and bulk purchases	(45,563,000)	(21,607,000)	(67,170,000)	-		(67,170,000)	(7,232,242)		59,937,758	11 %	16 %
Transfers and grants	(6,000,000)	-	(6,000,000)	-		(6,000,000)	-		6,000,000	- %	- %
Other expenditure	(104,054,000)	(26,197,000)	(130,251,000)	-		(130,251,000)	(250,927,937)		(120,676,937)	193 %	241 %
Total expenditure	(379,042,000)	(70,320,000)	(449,362,000)	-		(449,362,000)	(227,171,311)		222,190,689	51 %	60 %
Total revenue (excluding capital transfers and contributions)	443,806,000	18,370,000	462,176,000	-		462,176,000	452,651,192		(9,524,808)	98 %	102 %
Total expenditure	(379,042,000)	(70,320,000)	(449,362,000)	-		(449,362,000)	(227,171,311)		222,190,689	51 %	60 %
Surplus/(Deficit)	64,764,000	(51,950,000)	12,814,000	-		12,814,000	225,479,881		212,665,881	1,760 %	348 %

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Appropriation Statement

	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
Transfers recognised - capital	193,847,000	138,377,000	332,224,000	-		332,224,000	344,455,854		12,231,854	104 %	178 %
Surplus/(Deficit)	64,764,000	(51,950,000)	12,814,000	-	-	12,814,000	225,479,881	-	212,665,881	1,760 %	348 %
Capital transfers and contributions	193,847,000	138,377,000	332,224,000	-	-	332,224,000	344,455,854	-	12,231,854	104 %	178 %
Surplus (Deficit) after capital transfers and contributions	258,611,000	86,427,000	345,038,000	-		345,038,000	569,935,735		224,897,735	165 %	220 %
Surplus (Deficit) after capital transfers and contributions	258,611,000	86,427,000	345,038,000	-	-	345,038,000	569,935,735	-	224,897,735	165 %	220 %
Surplus/(Deficit) for the year	258,611,000	86,427,000	345,038,000	-		345,038,000	569,935,735		224,897,735	165 %	220 %

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1. Presentation of Unaudited Annual Financial Statements

The unaudited 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 unaudited 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.

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

These accounting policies are consistent with the previous period.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.1 Presentation currency

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

1.2 Significant judgements and sources of estimation uncertainty

In preparing the unaudited annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the unaudited 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 unaudited annual financial statements. Significant judgements include:

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. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

1.3 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 reporting period.

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets 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.

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 cost less accumulated depreciation and any impairment losses except for assets acquired at no cost which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.3 Property, plant and equipment (continued)

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.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit when the asset is derecognised.

The revaluation surplus included in net assets related to a specific item of property, plant and equipment is transferred directly to accumulated surplus or deficit as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Item	Average useful life
Land	Infinite
Buildings	
• Offices/Buildings	30 years
•	
Plant and machinery	
• Compressors	2 years
• Lawnmowers	5 years
• Radio equipment	5 years
• Telecommunication equipment	5 years
• Irrigation systems	10 years
• Latches and milling equipment	5 years
• Tools	5 years
• General	5 years
Motor vehicles	
• Motor vehicles	5 years
• Bakkies	5 years
• Trucks	5 years
• Tippers	5 years
Office equipment	
• Office machines	3-5 years
• Air conditioners	3 years
• Furniture and fittings	7 years
• Emergency equipment	5 years
• Security equipment	5 years
IT equipment	
• Computer equipment	3 years
Laboratory equipment	
• Laboratory equipment	5 years
Specialised vehicles	
• Graders	5 years
• Tractors	5 years
• Mechanical Horses	5 years

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.3 Property, plant and equipment (continued)

Wastewater network

• Sewers	30 years
• Outfall sewers	40 years
• Purification works	30 years
• Sewerage pumps	5 years
• Sludge machines	15 years

Water network

• Meters	10 years
• Dams	80 years
• Supply / reticulation	20 years
• Reservoirs	30 years
• Water pumps	5 years
• Mains	30 years
• Water rights	30 years
• Boreholes	15 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at 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 entity to amend the previous estimate unless expectations differ from the previous estimate.

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

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

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use or disposal 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.

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

1.4 Intangible assets

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 of the asset 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.

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

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

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.4 Intangible assets (continued)

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.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Water rights	30 years
Computer software, other	30 Years

Intangible assets are derecognised:

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

The additions to intangible assets relates to computer software purchased for the intercom system in the Board room.

1.5 Financial instruments

Initial recognition and measurement

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

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

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

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

Regular way purchases of financial assets are accounted for at .

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.5 Financial instruments (continued)

Receivables from exchange transactions

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

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

Trade and other receivables are classified as loans and receivables.

Payables from exchange transactions

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit - held for trading.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.5 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.

Financial assets that the municipality has the positive intention and ability to hold to maturity are classified as held to maturity.

1.6 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.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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

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.

1.7 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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.7 Inventories (continued)

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 first-in, first-out (FIFO) 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.

1.8 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:

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 test 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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.8 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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.8 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess 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 entity 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.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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.

1.9 Impairment of non-cash-generating assets

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

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

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

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

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

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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

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

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

Useful life is either:

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

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

1.10 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.

1.11 Employee benefits

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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.11 Employee benefits (continued)

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 end of the reporting period 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 surplus or deficit 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 surplus or deficit, 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 and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.12 Provisions and contingencies

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

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

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

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 surplus.

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.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.12 Provisions and contingencies (continued)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 39.

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 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.

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, a 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.

1.13 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.

1.14 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

1.15 Investment income

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

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.16 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

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

1.17 Comparative figures

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

1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (No. 56 of 2003). All 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 economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.21 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 an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2013 to 6/30/2014.

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

The unaudited 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 national sphere of government are considered to be related parties.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Accounting Policies

1.22 Related parties (continued)

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.

1.23 Going concern assumption

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

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014

2013

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 GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an 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 an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

GRAP25 defines, amongst others, the following:

- Employee benefits as all forms of consideration given by an municipality in exchange for service rendered by employees;
- Defined contribution plans as post-employment benefit plans under which an 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;
- Defined benefit plans as post-employment benefit plans other than defined contribution plans;
- Multi-employer plans as 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 municipality that employs the employees concerned;
- Other long-term employee benefits as employee benefits (other than post-employment benefits and termination benefits) that is not due to be settled within twelve months after the end of the period in which the employees render the related service;
- Post-employment benefits as employee benefits (other than termination benefits) which are payable after the completion of employment;
- Post-employment benefit plans as formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees;
- Short-term employee benefits as 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;
- State plans as plans other than composite social security programmes established by legislation which operate as if they are multi-employer plans for all entities in economic categories laid down in legislation;
- Termination benefits as employee benefits payable as a result of either:
 - an entity's decision to terminate an employee's employment before the normal retirement date; or
 - an employee's decision to accept voluntary redundancy in exchange for those benefits;
- Vested employee benefits as employee benefits that are not conditional on future employment.

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;
- Termination benefits.

The standard states Post-employment benefits: Distinction between defined contribution plans and defined benefit plans:

- Multi-employer plans;
- Defined benefit plans where the participating entities are under common control;
- State plans;

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

- Composite social security programmes;
- Insured benefits.

The standard states, for Post-employment benefits: Defined benefit plans, the following requirements:

- Recognition and measurement;
- Presentation;
- Disclosure;
- Accounting for the constructive obligation;
- Statement of financial position;
- Asset recognition ceiling;
- Asset recognition ceiling: When a minimum funding requirement may give rise to a liability;
- Statement of financial performance.

The standard prescribes recognition and measurement for:

- Present value of defined benefit obligations and current service cost:
 - Actuarial valuation method;
 - Attributing benefits to periods of service;
 - Actuarial assumptions;
 - Actuarial assumptions: Discount rate;
 - Actuarial assumptions: Salaries, benefits and medical costs;
 - Actuarial gains and losses;
 - Past service cost.
- Plan assets:
 - Fair value of plan assets;
 - Reimbursements;
 - Return on plan assets.

The standard also deals with Entity combinations and Curtailments and settlements.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after April 1, 2013.

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

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

Paragraphs .108 and .109 were amended by the improvements to the Standards of GRAP issued previously:

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 April 1, 2013

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

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

Paragraphs .17 and .18 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Changes in Accounting Policies.

The effective date of the amendment is for years beginning on or after April 1, 2013

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

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

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

Paragraphs .11 and .13 were amended by the improvements to the Standards of GRAP issued previously:

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 April 1, 2013.

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

GRAP 12 (as revised 2012): Inventories

Paragraph .30 was amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

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

GRAP 13 (as revised 2012): Leases

Paragraphs .38 and .42 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Disclosures.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

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

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

Paragraphs .44, .45, .72, .75, .79 and .85 were amended by the improvements to the Standards of GRAP issued previously:

Amendments were made to Measurement after recognition, Derecognition and Disclosure.

All amendments to be applied prospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

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

GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)

Numerous paragraphs were amended by the improvements to the Standards of GRAP issued previously:

Changes made comprise 3 areas that can be summarised as follows:

- Consequential amendments arising from the alignment of the accounting treatment and text of GRAP 102 with that in IPSAS 31,
- The deletion of guidance and examples from Interpretations issues by the IASB previously included in GRAP102,
- Changes to ensure consistency between the Standards, or to clarify existing principles.

All amendments to be applied retrospectively.

The effective date of the amendment is for years beginning on or after April 1, 2013.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

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

IGRAP16: Intangible assets website costs

An entity may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annual reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity's own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity's information, for example policies and operating procedures, and details of users of a service, and other relevant information.

The stages of a website's development can be described as follows:

- Planning – includes undertaking feasibility studies, defining objectives and specifications, evaluating alternatives and selecting preferences.
- Application and infrastructure development – includes obtaining a domain name, purchasing and developing hardware and operating software, installing developed applications and stress testing.
- Graphical design development – includes designing the appearance of web pages.
- Content development – includes creating, purchasing, preparing and uploading information, either text or graphic, on the website before the completion of the website's development. This information may either be stored in separate databases that are integrated into (or accessed from) the website or coded directly into the web pages.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after April 1, 2013.

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

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's unaudited 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.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

- identifying the circumstances in which disclosure of the items in (a) and (b) 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 unaudited 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 furthermore states that 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;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after April 1, 2014.

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

IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue

Paragraphs .03, .04, .05, .06, .08 and .10, were amended and paragraph .02 was added in the Interpretation of the Standards of GRAP.

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

(a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2. New standards and interpretations (continued)

(b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

This Interpretation of the Standards of GRAP supersedes the Interpretation of the Standards of GRAP: Applying the Probability Test on Initial Recognition of Exchange Revenue issued in 2009.

The effective date of the amendment is for years beginning on or after April 1, 2013.

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

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. 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	1,037,872	-	1,037,872	1,037,872	-	1,037,872
Buildings	1,932,857	(416,663)	1,516,194	5,157,857	(256,662)	4,901,195
Infrastructure	2,131,244,447	(262,256,381)	1,868,988,066	1,914,935,701	(227,944,865)	1,686,990,836
Other property, plant and equipment	25,321,047	(11,055,095)	14,265,952	28,077,438	(17,525,015)	10,552,423
Leased assets	9,337,089	(5,300,460)	4,036,629	10,032,874	(3,664,748)	6,368,126
Total	2,168,873,312	(279,028,599)	1,889,844,713	1,959,241,742	(249,391,290)	1,709,850,452

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Impairment loss	Total
Land	1,037,872	-	-	-	-	-	-	1,037,872
Buildings	4,901,195	-	-	1,320,512	(4,690,257)	(15,256)	-	1,516,194
Infrastructure	1,686,990,836	1,895,511	-	-	1,115,195,020	(37,684,974)	-	1,868,988,066
Other property, plant and equipment	10,552,423	12,313,774	(10,077,201)	-	4,477,617	(3,000,661)	-	14,265,952
Leased assets	6,368,126	-	(574,221)	-	(957,055)	(659,547)	(140,674)	4,036,629
	1,709,850,452	14,209,285	(10,651,422)	1,320,512	1,114,025,325	(41,360,438)	(140,674)	1,889,844,713

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Other movements	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	1,037,872	-	-	-	-	-	-	1,037,872
Buildings	226,195	-	-	-	4,675,000	(241,756)	-	4,901,195
Infrastructure	700,019,599	792,669	96,120,009	(106,451)	18,489,024	(25,490,695)	112	1,686,990,836
Other property, plant and equipment	7,410,402	748,984	-	(1,891,080)	8,993,649	(4,245,425)	163,658	10,552,423
Leased assets	3,598,547	3,804,640	-	(170,868)	529,613	(2,021,573)	-	6,368,126
	712,292,615	5,346,293	96,120,009	(2,168,399)	32,687,286	(31,999,449)	163,770	1,709,850,452

Assets subject to finance lease (Net carrying amount)

Ancillary fleet equipment and security	9,337,089	10,032,874
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Other information

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.

4. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Water rights	120,122	(11,252)	108,870	55,000	(7,791)	47,209

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

Figures in Rand

4. Intangible assets (continued)

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Water rights	47,209	65,122	(3,462)	108,870

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

Figures in Rand

4. Intangible assets (continued)

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Water rights	49,042	(1,833)	47,209

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
5. Retirement benefit obligation		
Post retirement medical aid plan and long service awards		
Independent valuers, Arch Actuarial Consulting, carried out the statutory valuation.		
The amounts recognised in the statement of financial position are as follows:		
Carrying value		
Present value of the post retirement medical aid plan	(3,127,838)	(3,859,789)
Present Value of long service awards	(8,076,122)	-
	(11,203,960)	(3,859,789)
Changes in the present value of the post retirement medical aid plan obligation are as follows:		
Opening balance	3,706,831	3,458,620
Net expense recognised in the statement of financial performance	1,289,393	248,211
	4,996,224	3,706,831
Net expense recognised in the statement of financial performance		
Current service cost	188,894	261,895
Interest cost	339,127	216,359
Actuarial (gains) losses	935,407	(76,479)
Benefit payments	(174,035)	(153,564)
	1,289,393	248,211
Calculation of actuarial gains and losses		
Actuarial (gains) losses – Obligation	935,407	(76,479)

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014 2013

5. Retirement benefit obligation (continued)

Key assumptions used

The principal actuarial assumptions were as follows;

Discount rate per annum	8.83 %	9.00 %
Healthcare Cost Inflation	8.10 %	8.20 %
Net discount rate	0.67 %	0.74 %

Examples of mortality rates used were as follows;

Retirement age and mortality	Age	Age
Average retirement age	65 Years	65 Years
Mortality during employment	SA 85-90	SA 85-90

Members withdraw from service: (average for males and females)

Average for males and females	Males	Females
Age 20	15%	24%
Age 30	7%	7%
Age 40	2%	2%
Age 50+	0%	0%

Long service awards

independent valuers, ARCH Actuarial Consulting, Carried out a statutory valuation on an annual bases

The principal actuarial assumptions used were as follows

Rates	2014	2013
Discount rate per annum	8.31%	7.91%
General inflation	6.29%	5.80%
Salary Inflation	7.30%	6.30%
Real rate	1.12%	1.04%

Examples of mortality rates	2014	2013
Average retirement age	65	65
Mortality during employment	SA 85-90	SA 85-90

Members withdrawn from services: (average for males and females).

Heading	Males	Females
Age 20	15%	24%
Age 30	7%	7%
Age 40	2%	2%
Age 50+	0%	0%

The amounts recognised in the statement of financial position were determined as follows;

Value	2014	2013
Present value of funded obligation	8,076,122	6,742,248
Fair value of plan assets	-	-
Liability in the statement of financial position	8,076,122	6,742,248

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
5. Retirement benefit obligation (continued)		
Movement in the defined benefit obligation as follows;		
Balance at beginning of year	6,742,248	5,566,030
Current service costs	872,737	766,934
Interest cost	513,865	405,076
Benefit payments	(203,258)	(215,949)
Actuarial loss / (gain)	150,530	220,157
Balance at end of year	8,076,122	6,742,248
The amounts recognized in the statement of financial performance were as follows;		
In conclusion		
Statement of financial position obligation		
Long service award	8,076,122	6,742,248
Statement of financial performance obligation		
Long service award loss / (gain)	150,530	220,157
6. Prepayments		
SALGA paid in advance	-	594,000
7. Inventories		
Plant materials (plumbing)	1,258,087	2,611,937
Chemicals	1,076,028	870,236
Purified water stock	438,239	489,322
Stores	1,816,636	1,881,304
	4,588,990	5,852,799
8. Receivables from exchange transactions		
Deposits- fuel, landlords and ERWS	1,451,206	1,446,206
Sundry debtors	4,148,985	4,735,220
	5,600,191	6,181,426
9. Receivables from non-exchange transactions		
Other receivables from non-exchange transactions	-	-
Stock suspense	29,044	-
Trust fund	-	10,166
Bank suspense	517,608	296,462
Retentions claims	82,082	200,329
	628,734	506,957

The municipality expects to realize these debtors within 12 months.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
10. Consumer debtors		
Gross balances		
Water and sanitation	<u>567,238,845</u>	<u>517,171,485</u>
Less: Allowance for impairment		
Water and sanitation	<u>(214,644,900)</u>	<u>(481,693,052)</u>
Net balance		
Water and sanitation	<u>352,593,945</u>	<u>35,478,433</u>
Water		
Current (0 -30 days)	6,507,333	13,761,289
31 - 60 days	9,299,846	7,953,091
61 - 90 days	5,314,566	5,093,738
91 - 120 days	7,967,912	3,133,678
121 - 365 days	323,504,288	5,536,637
	<u>352,593,945</u>	<u>35,478,433</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
10. Consumer debtors (continued)		
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	8,393,881	12,414,725
31 - 60 days	13,039,255	16,369,015
61 - 90 days	7,843,742	14,951,091
91 - 120 days	12,462,217	20,466,552
121 - 365 days	501,261,855	440,579,927
	<u>543,000,950</u>	<u>504,781,310</u>
Less: Allowance for impairment	(199,536,031)	(472,876,361)
	<u>343,464,919</u>	<u>31,904,949</u>
Industrial/ commercial		
Current (0 -30 days)	740,780	782,227
31 - 60 days	1,164,498	376,806
61 - 90 days	337,986	127,739
91 - 120 days	421,810	404,180
121 - 365 days	16,194,949	6,865,953
	<u>18,860,023</u>	<u>8,556,905</u>
Less: Allowance for impairment	(15,108,868)	(7,023,008)
	<u>3,751,155</u>	<u>1,533,897</u>
National and provincial government		
Current (0 -30 days)	1,038,947	564,337
31 - 60 days	802,388	626,071
61 - 90 days	275,037	257,763
91 - 120 days	(16,032)	318,199
121 - 365 days	3,277,532	2,066,898
	<u>5,377,872</u>	<u>3,833,268</u>
Less: Allowance for impairment	-	(1,793,683)
	<u>5,377,872</u>	<u>2,039,585</u>
Total		
Current (0 -30 days)	10,173,608	13,761,289
31 - 60 days	15,006,141	17,371,892
61 - 90 days	8,456,765	15,336,593
91 - 120 days	12,867,995	21,188,932
121 - 365 days	520,734,336	449,512,779
	<u>567,238,845</u>	<u>517,171,485</u>
Less: Allowance for impairment	(214,644,900)	(481,693,052)
	<u>352,593,945</u>	<u>35,478,433</u>
Less: Allowance for impairment		
Current (0 -30 days)	(3,666,275)	(9,418,801)
31 - 60 days	(5,706,296)	(10,242,855)
61 - 90 days	(3,142,199)	(9,750,586)
91 - 120 days	(4,900,082)	(8,304,668)
121 - 365 days	(197,230,048)	(443,976,142)
	<u>(214,644,900)</u>	<u>(481,693,052)</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
10. Consumer debtors (continued)		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(481,693,052)	(233,342,168)
Contributions to allowance	210,428,161	(248,350,884)
Debt impairment written off against allowance	56,619,991	-
	<u>(214,644,900)</u>	<u>(481,693,052)</u>
Fair value of consumer debtors		
Consumer debtors	<u>352,593,945</u>	<u>35,478,433</u>
<p>The municipality appointed TransUnion Credit Bureau to perform a full analysis, through their debtors ranking module, of the municipality' debtors data base to assist the municipality with the provision of doubtful debt.</p>		
11. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	7,100	7,100
Cash Bank	24,218,881	685,433
Short-term deposits	102,328,345	152,607,642
Bank overdraft	-	(4,527,234)
	<u>126,554,326</u>	<u>148,772,941</u>
Current assets	126,554,326	153,300,175
Current liabilities	-	(4,527,234)
	<u>126,554,326</u>	<u>148,772,941</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014

2013

11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2014	June 30, 2013	June 30, 2012	June 30, 2014	June 30, 2013	June 30, 2012
FNB Current account - 62252306280	25,071,495	1,468,189	19,339,419	25,052,921	685,433	19,339,419
FNB Current account - 62253072385	-	-	8,154,202	(834,040)	(4,527,234)	8,613,016
FNB Business money account - 62283176644	229,455	221,426	60,444,056	-	-	60,444,056
FNB Call account - 62402906484	22,090,980	1,013,835	-	-	-	-
FNB non standard fixed deposit account - 74361109934	-	151,372,381	-	-	152,607,642	-
FNB short term deposit account 74448698347	25,567,497	-	-	-	-	-
FNB short term deposit account 74448699204	4,559,571	-	-	-	-	-
FNB short term deposit account 74448700168	6,440,900	-	-	-	-	-
FNB short term deposit account 74448701124	5,874,018	-	-	-	-	-
Nedbank Call deposit account 7881108134	455,464	-	-	-	-	-
Nedbank Call deposit account 7881108142	31,753	-	-	-	-	-
Nedbank Call deposit account 7881108150	34,374	-	-	-	-	-
Nedbank Call deposit account 7881108185	162,132	-	-	-	-	-
Nedbank Call deposit account 7881108207	108,499	-	-	-	-	-
Nedbank Call deposit account 7881108215	10,845	-	-	-	-	-
Nedbank Call deposit account 7881108223	628	-	-	-	-	-
Nedbank Call deposit account 7881108258	13,978	-	-	-	-	-
Nedbank Call deposit account 7881108266	380,329	-	-	-	-	-
Nedbank Call Deposit account 7881108274	836	-	-	-	-	-
Nedbank Call Deposit account 7881108282	5,915	-	-	-	-	-
Investec Call Deposit account 50007868808	26,999,882	-	-	-	-	-
Investec Call Deposit account 50007609828	6,138,473	-	-	-	-	-
Investec Call Deposit account 50007621328	835,755	-	-	-	-	-
Investec Call deposit account 50007621342	24	-	-	-	-	-
Investec Call Deposit account 50007621374	110,797	-	-	-	-	-
ABSA Call deposit account 9290741801	39,709	-	-	-	-	-
ABSA Call Deposit account 9290742506	370,394	-	-	-	-	-

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
11. Cash and cash equivalents (continued)		
ABSA Call Deposit account 9290743609	35,507	-
ABSA Call Deposit account 9290743895	269,549	-
Absa Call Deposit account 9290744299	61,528	-
ABSA Call Deposit account 9290744443	115,831	-
ABSA Call Deposit account 9290744655	69,826	-
ABSA Call Deposit account 9290745025	17,520	-
ABSA Call Deposit account 9290739945	11,094	-
ABSA Call DEposit account 9290740295	130,665	-
ABSA Call Deposit account 9290740902	40,569	-
ABSA Call Deposit account 9290749524	110,700	-
ABSA Call Deposit Account 9290740624	946,223	-
ABSA Call Deposit account 9290741186	3,569	-
ABSA Call Deposit account 9290744118	12,332	-
ABSA Call Deposit account 9290744809	41,224	-
Total	127,399,840	154,075,831
	87,937,677	24,218,881
	148,765,841	88,396,491

Investments were done in terms of section Chapter 3, Part 2 section 13 "Cash Managements and Investments"

Interest was earned at an avarage interes rate of **4.67%** for the period ending 30 June 2014.

12. Donations and public contributions

The donations disclosed refer to furniture and equipment which were donated to the Council during the 2013/2014 financial year by the Department of Health

Office furniture and equipment donated	223,453	-
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13. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus - 2014

	Accumlated surplus	Total
Opening balance	748,554,401	748,554,401

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
14. Finance lease obligation		
Minimum lease payments due		
- within one year	2,053,777	2,832,443
- in second to fifth year inclusive	221,152	2,334,489
	<u>2,274,929</u>	<u>5,166,932</u>
less: future finance charges	(100,703)	(926,821)
Present value of minimum lease payments	<u>2,174,226</u>	<u>4,240,111</u>
Present value of minimum lease payments due		
- within one year	2,069,400	2,548,206
- in second to fifth year inclusive	104,826	1,691,905
	<u>2,174,226</u>	<u>4,240,111</u>
Non-current liabilities	104,826	1,691,905
Current liabilities	2,069,400	2,548,206
	<u>2,174,226</u>	<u>4,240,111</u>

It is the municipality's policy to lease motor vehicles under finance leases.

The average lease term was 3-5 year.

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
15. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
Rural Household Infrastructure	4,000,000	-
Masibumbaneni Co-op	305,993	840,166
Municipal Infrastructure Grant (MIG)	21,769,868	81,318,448
Municipal Water Infrastructure (MWIG)	2,786,882	-
Regional Bulk Infrastructure Grant (RBIG)	-	5,905,360
KZN Infrastructure Sportsfields	33,964	194,599
LGSETA Training Grant	83,251	830,834
Water Services Optrating Grant	1,552,055	-
IGR Grant	107,850	371,086
LED Strategic Review	10,734	10,734
Distric Disaster Centre	5,009,853	6,495,017
KZN Backlog Study	626	626
KZN District Development	13,921	13,921
KZN Integrated Transport Plan	378,755	381,755
KZN Secreterial MFC	820	7,659
KZN ST Chads Emergency	5,891	5,891
KZN Assessment Water	3,499	3,499
KZN Assessment Warer & Electricity	38,927	38,927
KZN Implement Technical & Cientific Support	251,231	465,581
KZN Water Services Delivery	35,359	35,359
KZN Capacity Building Water Staff	268,587	268,587
KZN Institutional Support	12,281	12,281
Local Government SETA Grant	61,272	61,272
KZN Social Pilot Project	6,860	856,860
KZN Social Emabhekazi	69,535	69,535
Waste Management Plan	41,053	41,053
KZN DPSS	2,651,524	2,651,524
DIMMS Grant Funding	30,120	130,120
Environmental Management Plan	800,874	942,280
Department Water Affairs & Forestry	1,140,252	1,139,941
KZN Councillors Training Grant	40,400	200,000
Municipal Governance And Administration	47,841	674,855
Rural Transport Services Plan	-	964
Finance management Grant	-	461,309
Municipal Systems Improvement Grant	-	324,109
EPWP Integrated Grant	-	5,037,815
DLA	-	1,237,080
New Pumps	-	1,232,751
KZN Grouth & Development	-	494,371
DMA Buffer Support	-	100,103
KZN Masification Grant	-	20,401,973
Tugela Estate Fish Project	-	406,566
KZN GIS	-	17,447
Data Cleansing	-	(292,364)
	41,560,078	133,389,894
Movement during the year		
Balance at the beginning of the year	133,389,894	126,350,884
Additions during the year	267,497,233	249,841,109
Income recognition during the year	(359,327,049)	(242,802,099)
	41,560,078	133,389,894

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
15. Unspent conditional grants and receipts (continued)		
The nature and extent of government grants recognised in the unaudited annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 2323 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
16. Development Bank of South Africa		
Designated at fair value		
DBSA Loan - account 61000915	445,632	396,397
Loan 10346/202 - Period 20 years - redemption date 31/03/2018		
DBSA Loan - account 61003249	174,360	174,360
Loan 13674/101 - Period 20 years - redemption date 30/09/2020		
DBSA Loan - account 61004120	1,452,096	1,316,686
Loan 9631/101 - Period 20 years - redemption date 31/03/2015		
DBSA Loan - account 61004121	739,271	657,632
Loan 9631/201 - Period 20 years - redemption date 31/03/2017		
DBSA Loan - account 61004122	77,712	67,033
Loan 9631/401 - Period 20 years - redemption date 31/03/2019		
DBSA Loan - account 61004123	15,500	15,500
Loan 9631/502 - Period 20 years - redemption date 30/09/2019		
	<u>2,904,571</u>	<u>2,627,608</u>
Loan account 61003249 reflects no change from the 2012/2013 financial year as the repayments is fixed.		
At amortised cost		
Development Bank of South Africa	7,845,841	10,473,446
Terms and conditions		
Non-current liabilities		
At amortised cost	<u>4,941,270</u>	<u>7,845,838</u>
Current liabilities		
At amortised cost	<u>2,904,571</u>	<u>2,627,608</u>
17. Vat Payable		
Vat Payable	<u>(6,616,268)</u>	<u>19,682,275</u>

The municipality is on a payment bases for VAT purposes. The vat payable at year end (2012/2013) is a result of the unpaid debt due by municipal consumers. The amount will only be payable tom SARS on receipt of payments received from consumers.

Return have been submitted to SARS which is in favour of the municipality and has been included as part of the receivables at year end (2013/2014)

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
18. Payables from exchange transactions		
Trade payables	37,432,814	17,104,957
Department of water affairs (DWAF) Accrual	36,672,736	27,149,624
DBSA accrued interest	222,587	291,138
Trust funds- late estates	3,070,978	2,969,179
Retentions	12,550,670	7,428,817
Other creditors	-	9,065,375
Sundry creditors	498,633	463,390
	90,448,418	64,472,480
19. Other accruals		
Bonus accrual	3,275,964	3,291,872
Leave pay accrual	11,714,412	13,152,717
	14,990,376	16,444,589
20. Consumer deposits		
Water	9,390,119	8,758,905
21. Revenue		
Service charges	132,770,897	117,286,385
Interest received	44,044,579	39,236,762
Other income 1	1,909,929	5,075,640
Government grants & subsidies	618,381,641	495,985,099
	797,107,046	657,583,886
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	132,770,897	117,286,385
Interest received	44,044,579	39,236,762
Other income 1	1,909,929	5,075,640
	178,725,405	161,598,787
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	618,381,641	495,985,099
22. Service charges		
Sale of water	118,571,642	104,239,864
Sewerage and sanitation charges	14,199,255	13,046,521
	132,770,897	117,286,385

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies		
Operating grants		
Equitable share	257,902,233	253,183,000
Finance Management Grant	1,581,000	-
EPWP Integrated Grant	3,200,000	385,953
KZN Projects	5,904,608	24,835,403
Department of Water Affairs and Forestry	-	21,427,898
Municipal Systems Improvement Grant	890,000	1,007,483
Water Services Operating Subsidy	4,447,946	7,193,000
	<u>273,925,787</u>	<u>308,032,737</u>
Capital grants		
Regional Bulk Infrastructure Grant	75,274,468	-
Municipal Infrastructure Grant	233,808,580	187,952,362
Municipal Water infrastructure Grant	11,738,118	-
Masification Grant	20,401,973	-
New Pumps	1,232,751	-
Rural Transport Services Plan	1,999,964	-
	<u>344,455,854</u>	<u>187,952,362</u>
	<u>618,381,641</u>	<u>495,985,099</u>
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	343,896,550	242,802,099
Unconditional grants received	257,902,233	253,183,000
	<u>601,798,783</u>	<u>495,985,099</u>
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
The indigent policy has been applied from April 2014 and indigent consumers received a subsidy of R396,734 as at 30 June 2014 which is funded by the grant.		
Rural Household Infrastructure		
Current-year receipts	<u>4,000,000</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Masibumbaneni Co-op		
Balance unspent at beginning of year	840,166	1,000,000
Conditions met - transferred to revenue	(534,173)	159,834
	<u>305,993</u>	<u>840,166</u>
Conditions still to be met - remain liabilities (see note 15).		
Municipal Infrastructure Grant		
Balance unspent at beginning of year	81,318,448	86,412,810
Current-year receipts	174,260,000	182,858,000
Conditions met - transferred to revenue	<u>(233,808,580)</u>	<u>(187,952,362)</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies (continued)		
	<u>21,769,868</u>	<u>81,318,448</u>
Conditions still to be met - remain liabilities (see note 15).		
Municipal Water Infrastructure		
Current-year receipts	14,525,000	-
Conditions met - transferred to revenue	(11,738,118)	-
	<u>2,786,882</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
Regional Bulk Infrastructure		
Balance unspent at beginning of year	5,905,360	3,211,253
Current-year receipts	63,620,602	16,880,109
Conditions met - transferred to revenue	(69,525,962)	(14,186,002)
	<u>-</u>	<u>5,905,360</u>
Conditions still to be met - remain liabilities (see note 15).		
Infrastructure Sports Fields		
Balance unspent at beginning of year	194,598	194,598
Conditions met - transferred to revenue	(160,635)	-
	<u>33,963</u>	<u>194,598</u>
Conditions still to be met - remain liabilities (see note 15).		
LGSETA Grant - Training		
Balance unspent at beginning of year	830,834	1,246,265
Current-year receipts	-	38,005
Conditions met - transferred to revenue	(747,583)	(453,436)
	<u>83,251</u>	<u>830,834</u>
Conditions still to be met - remain liabilities (see note 15).		
Water Services Operating Subsidy		
Balance unspent at beginning of year	6,000,000	-
Conditions met - transferred to revenue	(4,447,945)	-
	<u>1,552,055</u>	<u>-</u>
Conditions still to be met - remain liabilities (see note 15).		
IGR Grant		
Balance unspent at beginning of year	371,086	917,000
Conditions met - transferred to revenue	(263,236)	(545,914)
	<u>107,850</u>	<u>371,086</u>
Conditions still to be met - remain liabilities (see note 15).		

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies (continued)		
LED Strategic Review		
Balance unspent at beginning of year	10,734	10,734
Conditions still to be met - remain liabilities (see note 15).		
District Disaster Centre		
Balance unspent at beginning of year	6,495,017	1,500,000
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	(1,485,164)	(4,983)
	5,009,853	6,495,017
Conditions still to be met - remain liabilities (see note 15).		
KZN Backlog Study		
Balance unspent at beginning of year	626	1,826
Conditions met - transferred to revenue	-	(1,200)
	626	626
Conditions still to be met - remain liabilities (see note 15).		
District Development		
Balance unspent at beginning of year	13,921	13,921
Conditions still to be met - remain liabilities (see note 15).		
KZN Integrated Transport Plan		
Balance unspent at beginning of year	381,755	381,755
Conditions met - transferred to revenue	(3,000)	-
	378,755	381,755
Conditions still to be met - remain liabilities (see note 15).		
KZN Secreterial MFC		
Balance unspent at beginning of year	7,660	50,000
Conditions met - transferred to revenue	(6,840)	(42,340)
	820	7,660
Conditions still to be met - remain liabilities (see note 15).		
KZN St Chads Emergency		
Balance unspent at beginning of year	5,891	5,891
Conditions still to be met - remain liabilities (see note 15).		
KZN Assessment Water		

Uthukela District Municipality

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Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies (continued)		
Balance unspent at beginning of year	<u>3,499</u>	<u>3,499</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN Assessment Water		
Balance unspent at beginning of year	<u>38,927</u>	<u>38,927</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN Implement Technical & Scientific Support		
Balance unspent at beginning of year	465,581	500,000
Conditions met - transferred to revenue	(214,350)	(34,419)
	<u>251,231</u>	<u>465,581</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN Water Services Delivery Plan		
Balance unspent at beginning of year	<u>35,359</u>	<u>35,359</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN Capacity Building Water Staff		
Balance unspent at beginning of year	<u>268,587</u>	<u>268,587</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN WSA Institutional Support		
Balance unspent at beginning of year	<u>12,281</u>	<u>12,281</u>
Conditions still to be met - remain liabilities (see note 15).		
Local Government SETA Grant		
Balance unspent at beginning of year	<u>61,272</u>	<u>61,272</u>
Conditions still to be met - remain liabilities (see note 15).		
Social Pilot Projects		
Balance unspent at beginning of year	856,860	856,860
Conditions met - transferred to revenue	(850,000)	-
	<u>6,860</u>	<u>856,860</u>
Conditions still to be met - remain liabilities (see note 15).		
KZN Social Emabhekazi		
Balance unspent at beginning of year	<u>69,535</u>	<u>69,535</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies (continued)		
Conditions still to be met - remain liabilities (see note 15).		
KZN Waste Management Plan		
Balance unspent at beginning of year	41,053	41,053
Conditions still to be met - remain liabilities (see note 15).		
KZN SPSS Shared Services		
Balance unspent at beginning of year	2,651,524	3,334,901
Conditions met - transferred to revenue	-	(683,377)
	2,651,524	2,651,524
Conditions still to be met - remain liabilities (see note 15).		
DIMMS Grant Funding		
Balance unspent at beginning of year	130,120	456,827
Conditions met - transferred to revenue	(100,000)	(326,707)
	30,120	130,120
Conditions still to be met - remain liabilities (see note 15).		
KZN Environment Management		
Balance unspent at beginning of year	942,280	1,469,244
Conditions met - transferred to revenue	(141,406)	(526,964)
	800,874	942,280
Conditions still to be met - remain liabilities (see note 15).		
Department Water Affairs		
Balance unspent at beginning of year	1,139,941	2,143,842
Current-year receipts	-	6,237,994
Conditions met - transferred to revenue	-	(7,241,895)
	1,139,941	1,139,941
Conditions still to be met - remain liabilities (see note 15).		
KZN Councillors Training		
Balance unspent at beginning of year	200,000	-
Current-year receipts	-	200,000
Conditions met - transferred to revenue	(159,600)	-
	40,400	200,000
Conditions still to be met - remain liabilities (see note 15).		
KZN Municipal Governance & Admin		
Balance unspent at beginning of year	674,855	800,000

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
23. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(627,014)	(125,145)
	47,841	674,855
Conditions still to be met - remain liabilities (see note 15).		
24. Other revenue		
Other income	1,909,929	5,075,640
25. General expenses		
Advertising	217,747	312,743
Auditors remuneration	2,936,816	2,555,646
Bank charges	387,894	298,261
Cleaning	124,066	117,358
Commission paid	348,686	351,575
Computer expenses	1,384,765	1,504,911
Consulting and professional fees	4,257,731	5,873,816
Consumables	4,071	27,836
Entertainment	126,983	282,884
Fines and penalties	-	364,162
Insurance	184,980	-
Conferences and seminars	75,909	26,043
Lease rentals on operating lease	6,331,063	3,239,351
Magazines, books and periodicals	101,949	2,647
Motor vehicle expenses	533,793	279,034
Fuel and oil	7,228,035	3,834,599
Postage and courier	5,421	7,347
Printing and stationery	1,365,954	1,060,341
Protective clothing	381,447	24,628
Security (Guarding of municipal property)	402,578	-
Subscriptions and membership fees	3,626,277	980,382
Telephone and fax	2,270,318	2,186,235
Training	360,487	27,606
Assets expensed	181,644	120,282
Electricity	45,213,949	38,393,382
Water	3,058,538	6,500,270
Audit committee	214,617	176,711
Government grant expenditure	83,731,826	108,715,389
Other expenses	16,561,080	6,544,654
	181,618,624	183,808,093

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
26. Employee related costs		
Basic	80,387,872	99,567,953
Bonus	5,840,195	3,291,872
Medical aid - employers contribution	3,340,973	3,087,738
UIF	741,458	650,319
SDL	1,131,593	972,156
Leave pay accrual	(1,438,305)	2,632,884
Leave pay	1,104,451	-
Other short term costs	31,190	-
Defined contribution plans	684,338	62,795
Travel, motor car, accommodation, subsistence and other allowances	4,854,153	381,249
Overtime payments	15,997,121	-
Car allowance	5,653,648	-
Housing benefits and allowances	571,513	-
Pension contributions	110,626	-
Surcharge Pension Fund	10,656,286	9,158,589
	129,667,112	119,805,555
Remuneration of Municipal Manager		
Annual Remuneration	780,173	1,623,907
Car Allowance	450,000	-
Contributions to UIF, Medical and Pension Funds	12,506	-
Travelling and Subsistence	9,811	-
	1,252,490	1,623,907
The Municipal Manager was appointed as from 14 August 2013		
Remuneration of Chief Finance Officer		
Annual Remuneration	202,868	617,958
Car Allowance	177,509	113,740
Contributions to UIF, Medical and Pension Funds	5,609	-
Entertainment	-	59,378
Housing Subsidy	126,792	27,852
Travelling and Subsistence	10,723	7,039
	523,501	825,967
The Chief Financial Officer was appointed as from 6 January 2014		
Remuneration of Manager Technical Services		
Annual Remuneration	761,355	736,428
Car Allowance	111,656	108,000
Contributions to UIF, Medical and Pension Funds	12,523	-
Back Pay	45,274	-
Housing Subsidy	-	2,758
Travelling and Subsistence	5,742	-
	936,550	847,186
Remuneration of non executive directors		

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
26. Employee related costs (continued)		
Remuneration of Manager Social and Economic Services		
Annual Remuneration	909,934	303,696
Car Allowance	7,756	114,420
Contributions to UIF, Medical and Pension Funds	17,844	-
Annual Bonus	18,123	-
Housing Subsidy	478	4,098
Leave Paid Out	49,841	-
Travelling and Subsistence	21,746	10,104
	1,025,722	432,318

The Manager Social and Economic services was promoted as from August 2013

Remuneration of Manager Corporate Services

Annual Remuneration	928,722	-
Contributions to UIF, Medical and Pension Funds	11,072	-
	939,794	-

The Manager Corporate Services has been appointed as from 1 July 2013

Remuneration of Manager Water Services

Annual Remuneration	713,248	-
Contributions to UIF, Medical and Pension Funds	8,976	-
Travelling and Subsistence	7,992	-
Backpay	20,702	-
	750,918	-

The Manager Water Services was appointed as from 1 August 2013

27. Remuneration of councillors

Executive Mayor	476,508	668,959
Deputy Executive Mayor	330,993	580,848
Mayoral Committee Members	752,012	1,050,755
Speaker	381,206	531,338
Councillors	2,760,903	1,959,880
Councillors' pension contribution	1,076	-
	4,702,698	4,791,780

In-kind benefits

The Mayor, Deputy 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 Mayor and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has three full-time bodyguards . The Deputy Mayor and speaker have two full-time bodyguards.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
28. Debt impairment		
Debt impairment - Consumer debtors	(210,428,161)	243,999,914
Debts impairment - Other	-	1,336
	(210,428,161)	244,001,250
29. Investment revenue		
30. Fair value adjustments		
Deemed cost adjustment "property plant and equipment"	-	32,687,264
31. Depreciation and amortisation		
Property, plant and equipment	42,520,805	31,999,449
Intangible assets	-	1,833
	42,520,805	32,001,282
32. Impairment of assets		
Impairments		
Property, plant and equipment	-	(163,767)
Describe the events and circumstances that led to the recognition or reversal of the impairment loss. The recoverable amount or [recoverable service amount] of the asset was based on its fair value less costs to sell or [its value in use.]	-	(163,767)
	-	-
33. Finance costs		
Bank	2,548,678	578,030
Non-current borrowings	-	1,853,796
	2,548,678	2,431,826
34. Auditors' remuneration		
Fees	2,936,816	2,555,646
35. Contracted services		
Water tankering	23,872,546	24,639,089
Hiring	6,368,218	5,287,059
Insurance	1,073,807	1,078,084
Chemicals	5,627,301	5,176,501
Security (Gaurding municipal property)	962,905	222,044
uThukela civil defence	8,877,709	8,887,694
	46,782,486	45,290,471
36. Bulk purchases		
Water	7,232,242	3,857,201

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
37. Cash generated from operating activities		
Surplus	565,905,431	38,727,046
Adjustments for:		
Depreciation and amortisation	42,520,805	32,001,282
Loss on sale of assets	-	2,168,399
(Loss) gain on actuarial valuations	(935,407)	-
Deemed cost adjustment	-	(32,687,264)
Impairment reversals	-	(163,767)
Debt impairment	(210,428,161)	244,001,250
Movements in retirement benefit assets and liabilities	601,923	7,143,417
Prior Year Adjustments	40,516,375	(14,177,415)
Movement in leave pay accrual	11,714,412	-
Other non-cash items	4,848,691	-
Changes in working capital:		
Increased/ (decrease) in inventories	(1,348,128)	(2,148,857)
Increase/ (decrease) Trade and other receivables from exchange transactions	581,235	(2,939,017)
Decrease in consumer debtors	(317,115,512)	(98,832,875)
Increase/ (decrease) other receivables from non-exchange transactions	(568,113)	9,137,832
Increase/ (decrease) prepayments	594,000	(480,601)
Decrease in payables from exchange transactions	25,975,938	(20,574,286)
Increase/ (decrease) in VAT	(26,298,543)	(8,406,972)
Increase/ (decrease) in other accruals	(1,454,213)	3,286,309
Increase unspent conditional grants and receipts	(105,133,426)	7,039,010
Increase/(decrease) in retirement benefit obligation	-	350,879
Other financial liabilities	276,963	-
Consumer deposits	631,214	-
Other financial liabilities	(4,092,774)	-
	26,792,710	163,444,370

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
38. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	<u>481,115,548</u>	<u>213,778,084</u>
Municipal Infrastructure Grant (MIG)		
Okhahlamba Ward 12 - duration 8 months	15,740,608	-
Umtshezi Ward 3 - duration 8 months	15,715,105	-
Indaka ward 3 - duration 8 months	30,910,242	-
Bergville sewerage schemem - duration 11 months	11,982,822	-
Kwanobamba/Ezitendeni water supply phase 1A - duration 10 months	19,953,661	-
Bhekuzulu/Ephangweni phase 1 - duration 15 months	14,568,706	-
Bhekuzulu/Ephangweni phase 2 - duration 15 months	13,614,573	-
Bhekuzulu/Ephangweni phase 4 - duration 12 months	14,449,562	-
Bhekuzulu/Ephangweni phase 5- duration 18 months	77,709,814	-
Bhekuzulu/Ephangweni phase 6 - duration 9 months	9,138,378	-
Fiity Park Community water supply- duration 19 months	38,683,362	-
Kwanobamba/Ezitendeni phase 1B - duration 18 months	37,250,000	-
Kwanobamba/Ezitendeni phase 1C - duration 10 months	8,991,357	-
Kwanobamba/Ezitendeni phase 1D - duration 10 months	15,000,000	-
Ntabamhlope water scheme phase 10 - duration 10 months	13,800,000	-
Ntabamhlope water scheme phase 11- duration 10 months	12,957,291	-
Upgrading waste water treatment works - duration 14 months	14,098,364	-
	<u>364,563,845</u>	<u>-</u>
Municipal Water Infrastructure Grant (MWIG)		
Ezakheni/Ladysmith Bulk Meters - duration 6 months	4,454,217	-
Ezakheni E (642 houses) - duration 6 months	7,330,652	-
Indaka/Okhahlamba boreholes - duration 12 months	6,500,000	-
	<u>18,284,869</u>	<u>-</u>
Regional Bulk Infrastructure Grant (RBIG)		
Driefontein bulk feedere main water supply - duration 6 months	44,336,810	-
Okhombe water supply - duration 4 months	1,041,317	-
Hopesland to Indaka water supply - duration 15 months	52,888,707	-
	<u>98,266,834</u>	<u>-</u>
The committed expenditure of R481, 115, 548 relates to plant and equipment and will be financed by Government Grants.		
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	<u>68,249,642</u>	<u>196,037,000</u>
Heading		
Infrastructure development	3,500,000	-
TLB's	5,712,000	-
Tipper trucks	2,250,000	-
Vacuum tankers	5,600,000	-
Sewer jet	1,500,000	-
Office furniture	660,000	-
Office equipment	450,000	-
Water tankers	8,000,000	-
Bakkies	5,740,000	-
Sedans	860,000	-
Pipelines - potable water replacement	13,248,642	-

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
38. Commitments (continued)		
Renewal - pumps	3,500,000	-
Land and buildings	10,000,000	-
Fire fighting equipment	300,000	-
Disaster building	5,000,000	-
Environmental health services equipment	459,000	-
IT equipment	300,000	-
Replace lab equipment	200,000	-
Mayoral car replacement.	800,000	-
Tools of trade	170,000	-
	68,249,642	-

This committed expenditure of R68, 2459, 642 relates to plant and equipment and will be financed by internal funding.

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	4,322,904	405,899
- in second to fifth year inclusive	8,645,807	-
	12,968,711	405,899

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years. No contingent rent is payable.

The municipality is not responsible for maintaining the buildings.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
39. Contingencies		
Contingent liabilities		
D Kistado	15,240	15,240
AMJ Hlongwane	174,261	174,261
Aurecon	378,607	378,607
Jeffares & Green	-	575,484
J Potgieter	4,534	4,534
Telkom	23,694	23,694
Telkom	49,448	49,448
Jeffares & Green	576,484	576,484
Imbabazane Municipality	-	500,000
Nambithi Pumps	2,795,972	-
Andile Thwala	100,000	-
	4,118,240	2,297,752

The following Contingent Liabilities are being attended to by Councils Legal representative - Ramkhelewan Inc.

D. Kistado - Collison - Claim amount R15, 240.00 - The matter was set down for trial and postponed, There is a very good prospect of succeeding with the defence and Council's legal representative believe that the plaintiff's claim should have been against the Emnambithi/Ladysmith Municipality and not Uthukela.

A.M.J. Hlongwane - Eradication of Bucket Latrines in Ekuwukeni "Contract 19/2005" - Claim amount R174, 261.20 The matter is in the High Court and are awaiting for the plaintiff to take the next step. The prospect of success hererin is good and Council's Legal representative suggest that they continue defending the matter.

Aurecon - Claim amount R378, 606.54 The matter has been defended and must proceed. Prospects of success are good considering previous consultations Councils Legal representative had with S. Mthethwa and B.H. khoza. for now the matter is pending as the plaintiff is negotiating settlement with the Municipality directly

J. Potgieter - Claim amount R4, 534.10 The matter has been defended and Council's Legal representative is awaiting a trial date. Plaintiff's claim is against the Municipality for damages to his wall and pawing when a water pipe was repaired. Prospects of success are good.

Telkom - Claim 1 amount R23, 693.59 and claim amount 2 amount R49, 447.93 In both these matters Council's employees damaged the Telkom cables whilst repairing the water pipes. Unfortunately a similar matter was heard in Court and the ruling was against the Municipality of Pietermaritzburg in consequence of them failing to adhere to the way-leave agreement. Council's Legal representative has from a very early stage of these matters suggested to Council to refer these matters to Councils Insurance for settlement as he has little or no prospect of succeeding at trial.

Jeffares And Green - Claim amount R576, 483.75 The matter was setdown for trial but removed from the roll as the plaintiff intends amendingits papers. Council's Legal representative will inform Council once a new trial date has been set.

Imbabazane Municipality - Claim amount R500, 000.00 The dispute between the two Municipalities has been resolved.

Nambithi Pumps - Claim amount R2, 795, 972.00 The plaintiff issued summons based on a breach of contract. The matter is being defended and will proceed to trial.

Andile Thwala - Claim amount R100,000.00 The claim arised from injuries suffered by her child by falling into an exposed manhole. The matter is being defended and the Municipality's Insurers has contacted Councils Legal representative in this regard.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014

2013

39. Contingencies (continued)

Contingencies arising from pending litigations on wage curve agreement - On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (Wage Curve Agreement) with IMATU and SAMWU on behalf of Municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees., based on the evaluation of employees jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered the ruling on 22 June 2012 that employees receive a salary increase backdated with effect 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date the Labour Court of appeal case has not been finalized.

The municipality completed jobs descriptions for all employees and submitted this information to the job evaluation committee (appointed by the Bargaining Council) for evaluation. The Municipality did not receive correspondence on the results of the evaluation. In effect, the Municipality was not able to implement the terms of the wage curve agreement and in consequence is not able to quantify the amount due or possibly even owed to the Municipality by it's employees.

40. Prior period errors

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

Statement of financial position

Property, plant and equipment	(901,754,185)	-
Opening Accumulated Surplus or Deficit	4,229,855	-
Total prior year adjustments	(897,524,330)	-

Statement of Financial Performance

Chemicals	(342,855)	-
Grants - Recognition of Revenue	(1,643,647)	-
Grant - Expenditure	292,364	-
Professional Fees	(4,976)	-
Legal Costs	(3,229,303)	-
Repairs and Maintenance	(241,667)	-
Telephone	132,924	-
Credit Card Expences	(33,910)	-
Raw Water Purchases - DWA	2,246,416	-
Subsistance & Travelling	(390)	-
Cashier shortages	47,461	-
Security Services	(4,160)	-
Trust Funds	10,166	-
Salaries and Allowances	(65,369)	-
Other General Expences	324,552	-
Long Service Awards	6,742,248	-
Restatement of assets prior years	(901,754,185)	-
	(897,524,330)	-

41. Risk management

Financial risk management

The minicipality has adopted and implimented a risk management policy to minimise potential adverse effects on the municipalities financial performance.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014

2013

41. Risk management (continued)

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 and net-settled derivative 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 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

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

Trade 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 the board.

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

Financial instrument	2014	2013
Bank balances and cash	126,554,326	148,772,941
Consumer debtors from exchange transactions	352,593,945	35,487,433
Other receivables from exchange transactions	5,600,191	1,640,824
Receivables from non exchange transactions	676,195	418,891

42. Going concern

We draw attention to the fact that at June 30, 2014, the municipality had accumulated surplus of 0.00 2,208,745,672 and that the municipality's total liabilities exceed its assets by 0.00 2,208,969,125.

The unaudited 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.

43. Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	270,891,135	70,587,871
Unauthorized expenditure current year	14,328,945	200,303,264
	<u>285,220,080</u>	<u>270,891,135</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
43. Unauthorised expenditure (continued)		
Council - depreciation	4,345,836	300,149
Council - Councillors remuneration	1,088	-
Council - VIP security	2,578	-
Council - advertising	4,522	-
Council - telephone	26,968	-
Municipal Manager - Gender, aged & disability programs	29,424	-
Municipal Manager - sports programs	1,962	-
Corporate Services - subsistence & travelling	4,997	-
Corporate Services - staff study bursaries	7,928	-
Corporate services - telephone	-	18,871
Corporate services - employee costs	-	5,897,472
Corporate services - depreciation	-	309,278
Finance - depreciation	-	391,652
Finance - employee costs	-	1,078,406
Finance - interest	1,155,259	234,915
Finance - stock impairment	-	1,150,327
Finance - debt impairment	-	1,189,847
Finance - computer programs	65,590	-
Finance - rebates	246,517	-
Finance - staff service costs	684,338	-
Finance - training direct expences	5,446	-
Planning and economic services - depreciation	-	393,026
Planning and economic services - subsistence & travelling	17,271	-
Planning & economic services - training	2,948	-
Municipal Health - membership fees	1,721,402	-
Technical Infrastructure - Salga BC	4	-
Water and sanitation - collection fees	74,142	-
Water and sanitation - employee costs	-	633,034
Water and sanitation - pipelines- potable water	2,218,214	-
Water and sanitation - pumps	418,116	404,255
Water and sanitation - bad debt written off	-	336
Water and sanitation - water purchases	-	3,038,699
Water and sanitation - electricity	2,084,351	1,733,928
Water and sanitation - bank charges	25,089	-
Water and sanitation - fuel & oil	55,116	-
Water and sanitation - insurance claim expences	184,980	-
Water and sanitation - inventory / loose tools	48,583	-
Water and sanitation - telephone	3,673	-
Water and sanitation - bill printing	-	22,929
Water and sanitation - security	-	525,195
Water and sanitation - subsistence and travelling	-	1,016
Water and sanitation - water research levy	892,603	177,373
Water and sanitation - water tankering	-	2,475,626
Water and sanitation - impairment	-	174,320,312
Municipal manager - employee costs	-	2,759,554
Municipal manager - audit fees	-	27,622
Planning and economic services - employee costs	-	19,054
Municipal manager - legal costs	-	3,200,388
	14,328,945	200,303,264
44. Fruitless and wasteful expenditure		
Reconciliation of fruitless and wasteful expenditure		
Opening balance	3,818,686	2,296,616
Fruiteless and wasteful expenditure current year	830,816	1,522,070
	4,649,502	3,818,686

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
44. Fruitless and wasteful expenditure (continued)		
Eskom	120,325	86,345
South African Revenue Services (SARS)	679,823	265,418
Emnambithi/Ladysmith Municipality	17,733	9,785
Protea Consulting	-	416,624
Umtshezi Municipality	8,370	-
Telkom	3,827	4,606
DK & V Properties	-	654,456
JN Madondo - Refund	-	43,119
BM Mchunu	-	2,159
PKX	-	39,558
Auditor General	738	-
	830,816	1,522,070

Council has identified fraudulent transactions on the payroll for the period March 2013 to February 2014. The staff members whom has been implicated by this has been suspended and a dicuiplinary hearing is in progress. The exact amount of the fraudulent activities has not been finalized. There is a possability that these fraudulent activities started prior to February 2013, however this will only be revealed once the investigations and hearing has been finalized.

Fraudulant activities

Payroll fraud	4,500,000	-
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Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
<hr/>		
45. Irregular expenditure		
Opening balance	42,345,821	18,658,192
Add: Irregular Expenditure - current year	101,060,455	23,687,629
	<u>143,406,276</u>	<u>42,345,821</u>

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
45. Irregular expenditure (continued)		
Analysis of expenditure awaiting condonation per age classification		
Section 114 deviations		
Amalgamated Pumping Services - Interruption of water services	-	2,641,765
Amalgamated Pumping Services - Emergency repair project	-	4,350,763
Zamahlabisa Trading - Material for disaster	-	45,000
Femtoserve(Pty) Ltd - Material urgent required	-	773,551
Zamahlabisa Trading - Material for disaster	-	465,000
GR Solutions - Ezakheni upgrade	-	1,318,864
Joat Sales and Services	-	166,045
Setaba Business enterprise - Construction of Disaster Management Centre	15,905,515	-
	15,905,515	9,760,988
Section 36 deviations		
Implementation of buffer zone	-	150,104
Catering - Royal Hotel	-	4,200
Catering - Ecstatic	-	19,000
Repair of vehicle	-	12,776
Hire of TLB - Blue Sands Trading	-	39,900
Hire of TLB - Laytam Investments	-	39,500
Hire og TLB - Ladysmith Trading	-	40,470
Repair pump - Hydrolic and Automotive Supplies	-	49,465
Hire of TLB - Mgazi Engineering	-	76,800
Hire of sewer jet machine - Indlovujozi Trading	-	35,112
Hire of TLB - Blue Sands Trading	-	77,520
Hire of TLB - Ubunzima Trading	-	77,784
Pump repairs - Vivah Technologies	-	78,582
Pump repairs - Hydrolic and Automotive Repairs	-	120,384
Van rental - Avis	-	182,371
Pump repairs - Vivah Technologies	-	107,831
Hire of sewer jet machine - Indlovujozi Trading	-	35,112
Stationery - Nambithi Office Supplies	-	6,726
Hirre of video - Nakhosonke Construction	-	25,000
Pump repairs - Hydrolic and Automotive Repairs	-	2,109
Verification of assets - AB Projects	-	125,422
Hire of sewer jet machine - Indlovujozi Trading	-	25,080
Hire of sewer jet machine - Indlovujozi Trading	-	10,032
Hire of water tanker - Gerrys Motors	-	12,540
Purchase of tools	-	28,000
Plumbing material	-	1,403
Camjet services	-	46,455
Insakavukela Trading Enterprise	-	9,120
Hiring of tipper truck	-	24,000
Repairs and maintenance - Femtoserve (Pty) Ltd	-	498,843
JOJO Tanks - Supply and delivery of 5000 litre yoyo tanks	1,569,780	-
	1,569,780	1,961,641
Section 32 deviations		
Road asset management - Moteko Construction	-	1,670,000
National Transfers - Ezakheni water treatment works	-	3,900,000
Data cleansing - Sonke Consulting	-	2,800,000
Caseware monthly management system	-	2,795,000
Municipal Governance	-	800,000
Supply and deliver twowater tankers - Bates	2,140,863	-
Supply and deliver ten water tankers - Bates	10,704,310	-
Refurbish and upgrade of Archie Rodel - WSSA	5,264,069	-

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

	2014	2013
45. Irregular expenditure (continued)		
Project Manager for Archie Rodel project - AB Projects	736,970	-
Compile GRAP compliant fixed asset register - Bonakude	3,500,000	-
Construction of DIA PVC pipeline - Kulu Civils	13,800,000	-
Construction of water supply scheme - SBT Civils	12,957,291	-
Spatial Development Plan Framework - Ilungelo Lami Trading	600,000	-
Provision of electrical and mechanical services - PK Valves & Electrical	606,362	-
Water reticulation within Uthukea - Khetwayo Construction	15,000,000	-
Construction of bird layer with shed & office - Zunco Greenhouse farming	800,000	-
Supply and deliver of 5000lt JOJO plastic water tanks - JOJO Pty	1,569,780	-
Construction of Disaster Management Building - Setaba business Enterprise	15,905,515	-
	83,585,160	11,965,000
46. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Current year subscription / fee	1,744,080	630,816
Audit fees		
Current year subscription / fee	2,020,372	2,775,605
Amount paid - current year	(2,020,372)	(2,775,605)
	-	-
PAYE and UIF		
Current year subscription / fee	18,567,292	15,467,367
Amount paid - current year	(18,567,292)	(15,467,367)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	19,683,491	16,397,592
Amount paid - current year	(19,683,491)	(16,397,592)
	-	-
VAT		
VAT payable	-	19,682,275

The Municipality is on a payment bases for VAT purposes. The Municipality's debtors have not paid for services which have been rendered which has resulted in the municipality reporting a VAT payable at year end.

Uthukela District Municipality

Unaudited Annual Financial Statements for the year ended June 30, 2014

Notes to the Unaudited Annual Financial Statements

2014 2013

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at June 30, 2014:

June 30, 2014	Outstanding less than 90 days	Outstanding more than 90 days	Total
MG Hlubi	1,374	64,106	65,480
DCP Mazibuko	973	13,054	14,027
NW Sibiya	979	13,492	14,471
MA & AM Mkhize	228	-	228
AS Mazibuko	1,392	72,446	73,838
NM Hlomuka	1,322	70,705	72,027
SD Magubane	570	11,270	11,840
	6,838	245,073	251,911
June 30, 2013	Outstanding less than 90 days	Outstanding more than 90 days	Total
MG Hlubi	1,249	56,228	57,477
DCP Mazibuko	579	9,316	9,895
NW Siviya	583	9,721	10,304
AS Mazibuko	1,236	64,452	65,688
NH Hlomuka	1,175	63,496	64,671
SD Magubane	347	9,036	9,383
	5,169	212,249	217,418

47. Water Losses

Estimated water losses for the year

Water Losses - Quantity (kiloliters)	30,564,053	11,999,256
Water losses - Cost (Rands)	111,405,973	19,497,991
	141,970,026	19,497,991

Water losses could not be accurately accounted for as bulk meters have not been installed yet

The estimate of water losses was done by comparing the production capacity of the water purification plants against the water consumption billed.

Due to the fact that the treatment works are not operating at full capacity as a result of downtime caused by operational inefficiencies, the plant productions has been reduced by 5% which is deemed to be a reasonable average downtime rate

Uthukela District Municipality

Appendix A

June 2014

Schedule of external loans as at 30 June 2014

Loan Number	Redeemable	Balance at Sunday, June 30, 2013	Received during the period	Redeemed written off during the period	Balance at Monday, June 30, 2014	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		Rand	Rand	Rand	Rand	Rand	Rand
Development Bank of South Africa							
61000915		2,536,648	-	396,397	2,140,251	-	-
61003249		1,307,700	-	174,360	1,133,340	-	-
61004120		2,768,782	-	1,316,686	1,452,096	-	-
61004121		3,160,358	-	657,633	2,502,725	-	-
61004122		599,208	-	67,030	532,178	-	-
61004123		100,750	-	15,500	85,250	-	-
		10,473,446	-	2,627,606	7,845,840	-	-
Total external loans							
Development Bank of South Africa		10,473,446	-	2,627,606	7,845,840	-	-
		10,473,446	-	2,627,606	7,845,840	-	-

Uthukela District Municipality
Uthukela District Municipality
Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014
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														
Land (Separate for AFS purposes)	1,037,872	-	-	-	-	-	1,037,872	-	-	-	-	-	-	1,037,872
Buildings (Separate for AFS purposes)	1,932,857	-	-	-	-	-	1,932,857	(337,918)	-	-	(78,745)	-	(416,663)	1,516,194
	2,970,729	-	-	-	-	-	2,970,729	(337,918)	-	-	(78,745)	-	(416,663)	2,554,066
Infrastructure														
Water purification	1,445,526,412	1,895,511	-	128,909,645	-	-	1,576,331,568	(170,966,627)	-	(370,242)	(31,655,179)	-	(202,992,048)	1,373,339,520
Sewerage purification	169,413,550	-	-	548,000	-	-	169,961,550	(53,106,108)	-	(128,430)	(6,029,795)	-	(59,264,333)	110,697,217
	1,614,939,962	1,895,511	-	129,457,645	-	-	1,746,293,118	(224,072,735)	-	(498,672)	(37,684,974)	-	(262,256,381)	1,484,036,737
Community Assets														

Uthukela District Municipality
Uthukela District Municipality
Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014
Cost/Revaluation **Accumulated depreciation**

	Opening Balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Disposals	Transfers	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Heritage assets														
Specialised vehicles														
Fire	816,059	-	-	-	-	-	816,059	(470,336)	-	-	(114,192)	-	(584,528)	231,531
	816,059	-	-	-	-	-	816,059	(470,336)	-	-	(114,192)	-	(584,528)	231,531
Other assets														
General vehicles	5,507,823	11,517,403	(1,593,293)	-	-	-	15,431,933	(3,978,932)	1,183,021	-	(1,688,004)	-	(4,483,915)	10,948,018
Plant & equipment	2,914,455	-	(2,332,980)	-	-	-	581,475	(1,329,600)	972,364	-	(65,781)	-	(423,017)	158,458
Computer Equipment	5,095,263	501,544	(953,955)	-	-	-	4,642,852	(2,576,516)	595,596	-	(825,214)	-	(2,806,134)	1,836,718
Furniture & Fittings	2,374,931	261,555	(346,315)	-	-	-	2,290,171	(1,644,780)	221,561	-	(238,309)	-	(1,661,528)	628,643
Office Equipment	1,560,069	3,096	(92,898)	-	-	-	1,470,267	(795,736)	74,465	-	(292,328)	-	(1,013,599)	456,668
Electric Motors	676,500	(676,500)	-	-	-	-	-	(478,170)	478,170	-	-	-	-	-
Radio Equipment	86,560	-	-	-	-	-	86,560	(71,412)	-	-	(9,738)	-	(81,150)	5,410
Other Sewer	148,000	-	-	(148,000)	-	-	-	(56,430)	-	56,430	-	-	-	-
Lawnmowers	1,275	-	-	-	-	-	1,275	(1,148)	-	-	-	-	(1,148)	127
Other Water	8,037,294	-	(5,940,895)	(2,094,399)	-	-	2,000	(2,211,042)	1,767,540	442,242	(360)	-	(1,620)	380
Work in progress	297,929,419	214,237,155	-	(127,215,246)	-	-	384,951,328	-	-	-	-	-	-	384,951,328
Lab Equipment	13,707	-	(13,707)	-	-	-	-	(12,336)	12,336	-	-	-	-	-
Other Assets - Leased	9,911,310	-	(574,221)	-	-	-	9,337,089	(4,214,307)	433,547	-	(1,519,700)	-	(5,300,460)	4,036,629
	334,256,606	225,844,253	(11,848,264)	(129,457,645)	-	-	418,794,950	(17,370,409)	5,738,600	498,672	(4,639,434)	-	(15,772,571)	403,022,379

Uthukela District Municipality
Uthukela District Municipality
Appendix B

June 2014

Analysis of property, plant and equipment as at 30 June 2014
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														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	(337,918)	-	-	(78,745)	-	(416,663)	2,554,066
Infrastructure	1,614,939,962	1,895,511	-	129,457,645	-	-	1,746,293,118	(224,072,735)	-	(498,672)	(37,684,974)	-	(262,256,381)	1,484,036,737
Specialised vehicles	816,059	-	-	-	-	-	816,059	(470,336)	-	-	(114,192)	-	(584,528)	231,531
Other assets	334,256,606	225,844,253	(11,848,264)	(129,457,645)	-	-	418,794,950	(17,370,409)	5,738,600	498,672	(4,639,434)	-	(15,772,571)	403,022,379
	1,952,983,356	227,739,764	(11,848,264)	-	-	-	2,168,874,856	(242,251,398)	5,738,600	-	(42,517,345)	-	(279,030,143)	1,889,844,713
Agricultural/Biological assets														
Intangible assets														
Water Rights	55,000	65,122	-	-	-	-	120,122	(7,791)	-	-	(3,461)	-	(11,252)	108,870
	55,000	65,122	-	-	-	-	120,122	(7,791)	-	-	(3,461)	-	(11,252)	108,870
Investment properties														
Total														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	(337,918)	-	-	(78,745)	-	(416,663)	2,554,066
Infrastructure	1,614,939,962	1,895,511	-	129,457,645	-	-	1,746,293,118	(224,072,735)	-	(498,672)	(37,684,974)	-	(262,256,381)	1,484,036,737
Specialised vehicles	816,059	-	-	-	-	-	816,059	(470,336)	-	-	(114,192)	-	(584,528)	231,531
Other assets	334,256,606	225,844,253	(11,848,264)	(129,457,645)	-	-	418,794,950	(17,370,409)	5,738,600	498,672	(4,639,434)	-	(15,772,571)	403,022,379
Intangible assets	55,000	65,122	-	-	-	-	120,122	(7,791)	-	-	(3,461)	-	(11,252)	108,870
	1,953,038,356	227,804,886	(11,848,264)	-	-	-	2,168,994,978	(242,259,189)	5,738,600	-	(42,520,806)	-	(279,041,395)	1,889,953,583

Uthukela District Municipality
Uthukela District Municipality
Appendix B

July 2013

Analysis of property, plant and equipment as at 1 July 2013
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														
Land (Separate for AFS purposes)	1,037,872	-	-	-	-	-	1,037,872	-	-	-	-	-	-	1,037,872
Buildings (Separate for AFS purposes)	1,932,857	-	-	-	-	-	1,932,857	256,662	-	-	241,756	-	498,418	4,659,439
	2,970,729	-	-	-	-	-	2,970,729	256,662	-	-	241,756	-	498,418	5,697,311
Infrastructure														
Dams & Reservoirs	25,717,311	-	-	-	-	8,000,000	33,717,311	4,781,559	-	-	920,071	-	5,701,630	28,015,681
Water purification	622,068,120	792,699	(143,381)	-	-	106,086,000	728,803,438	137,598,994	(77,735)	-	17,695,375	-	155,216,634	573,586,813
Sewerage purification	251,867,701	-	(192,067)	-	-	523,000	252,198,634	58,052,572	(151,262)	-	6,749,500	(109)	64,650,701	187,547,932
Other 1	6,531,969	-	-	-	-	-	6,531,969	5,731,490	-	-	125,750	(5,077,500)	779,740	674,729
	906,185,101	792,699	(335,448)	-	-	114,609,000	1,021,251,352	206,164,615	(228,997)	-	25,490,696	(5,077,609)	226,348,705	789,825,155
Community Assets														
Fire, safety & emergency	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622

Uthukela District Municipality
Uthukela District Municipality
Appendix B

June 2014

Analysis of property, plant and equipment as at 1 July 2013
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														
General vehicles	5,765,170	-	(1,881,005)	-	-	1,623,657	5,507,822	4,608,834	(1,644,329)	-	1,014,428	-	3,978,933	1,528,890
Computer Equipment	5,825,733	280,067	(2,001,433)	-	-	459,352	4,563,719	2,933,414	(1,513,730)	-	965,582	-	2,385,266	2,178,453
Furniture & Fittings	2,945,852	27,467	(1,254,462)	-	-	494,498	2,213,355	2,378,775	(1,078,304)	-	288,489	(1,557)	1,587,403	625,952
Office Equipment	1,536,402	441,450	(951,023)	-	-	138,842	1,165,671	1,186,674	(871,805)	-	338,653	-	653,522	512,149
Other Assets - Leased	9,911,310	-	(1,453,389)	-	-	529,613	8,987,534	3,475,256	(1,282,522)	-	2,021,573	-	4,214,307	5,697,003
Other	5,602,029	-	(3,362,489)	-	-	1,454,957	3,694,497	4,255,606	(2,456,713)	-	402,114	(162,101)	2,038,906	1,655,591
	31,586,496	748,984	(10,903,801)	-	-	4,700,919	26,132,598	18,838,559	(8,847,403)	-	5,030,839	(163,658)	14,858,337	12,198,038

Uthukela District Municipality
Uthukela District Municipality
Appendix B

June 2014

Analysis of property, plant and equipment as at 1 July 2013
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														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	256,662	-	-	241,756	-	498,418	5,697,311
Infrastructure	906,185,101	792,699	(335,448)	-	-	114,609,000	1,021,251,352	206,164,615	(228,997)	-	25,490,696	(5,077,609)	226,348,705	789,825,155
Community Assets	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
Other assets	31,586,496	748,984	(10,903,801)	-	-	4,700,919	26,132,598	18,838,559	(8,847,403)	-	5,030,839	(163,658)	14,858,337	12,198,038
	944,934,669	1,541,683	(11,254,582)	-	-	124,132,261	1,059,354,031	228,311,191	(9,086,183)	-	31,999,450	(5,241,267)	245,983,191	812,442,126
Agricultural/Biological assets														
Intangible assets														
Investment properties														
Total														
Land and buildings	2,970,729	-	-	-	-	-	2,970,729	256,662	-	-	241,756	-	498,418	5,697,311
Infrastructure	906,185,101	792,699	(335,448)	-	-	114,609,000	1,021,251,352	206,164,615	(228,997)	-	25,490,696	(5,077,609)	226,348,705	789,825,155
Community Assets	4,192,343	-	(15,333)	-	-	4,822,342	8,999,352	3,051,355	(9,783)	-	1,236,159	-	4,277,731	4,721,622
Other assets	31,586,496	748,984	(10,903,801)	-	-	4,700,919	26,132,598	18,838,559	(8,847,403)	-	5,030,839	(163,658)	14,858,337	12,198,038
	944,934,669	1,541,683	(11,254,582)	-	-	124,132,261	1,059,354,031	228,311,191	(9,086,183)	-	31,999,450	(5,241,267)	245,983,191	812,442,126