



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

Province:

KwaZulu Natal

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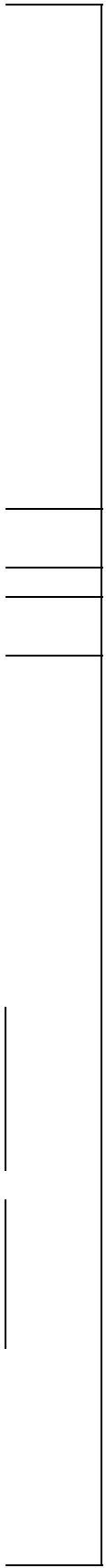
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ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1 Cllr MA Hlatshwayo	Mayor (was Speaker till appointed Mayor on 01 June 2014)
2 Cllr V O Mbuyisa	Speaker (was Exco Member till appointed as Speaker on 01 June 2014)
3 Cllr SE Qwabe	Deputy Mayor
4 Cllr S Ntombela	Member of the Executive Committee (w.e.f 01 June 2014)
5 Cllr B B Zwane	Member of the Executive Committee
6 Cllr ME Khumalo	Member of the Executive Committee
7 Cllr S E Nkwanyana	Member of the Executive Committee
8 Cllr SR Nkosi	Member
9 Cllr M M Mntungwa	Member
10 Cllr M B Mabaso	Member
11 Cllr ZS Buthelezi	Member
12 Cllr R B Mhlungu	Member
13 Cllr N J Mjaja	Member
14 Cllr Z Siyaya	Member
15 Cllr T B Lukhele	Member
16 Cllr SJ Zulu	Member
17 Cllr BJ Mncwango	Member
18 Cllr BC Nhlabathi	Member
19 Cllr KE Nxumalo	Member
20 Cllr IA Mbatha	Member
21 Cllr NM Nhlabathi	Member
22 Cllr RM Zulu	Member
23 Cllr MT Lushaba	Member
24 Cllr NF Zulu	Member
25 Cllr MS Ntshangase	Member
26 Cllr ISM Hadebe	Member
27 Cllr ME Buthelezi	Member
28 Cllr Mkhize TK	Member
29 Cllr Ximba SP	Member
30 Cllr TL Khumalo	Member
31 Cllr PTAN Buthelezi	Member
32 Cllr LS Dumakude	Member
33 Cllr N Xaba	Member
34 Cllr TJ Khumalo	Member
35 Cllr Dlamini QM	Member
36 Cllr V Z KaMagwaza-Msibi	Mayor (resigned 19 May 2014)

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

4

Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

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ULUNDI
3838

Postal address:

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3838

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ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 4 to 52, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager: Mr J H De Klerk

29 August 2014

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2014

Index	Page
General Information	1-2
Approval of Financial statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement Comparison of Budget and Actual Amounts	8
Accounting Policies	9-20
Notes to the Annual Financial Statements	21-42
Appendix A: Schedule of External Loans	43
Appendix B: Analysis of Property, Plant and Equipment	44-47
Appendix C: Analysis of Heritage Assets	48-49
Appendix D: Segmental Analysis of Property, Plant and Equipment	50
Appendix E: Segmental Statement of Financial Performance	51
Appendix F: Grants & Subsidies Received	52

**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2014**

	Note	2014 R	2013 R
ASSETS			
Current assets			
		#REF!	#REF!
Cash and cash equivalents	2	#REF!	#REF!
Trade receivables from exchange transactions	3.1.	#REF!	#REF!
Other receivables from exchange transactions	3.2.	#REF!	#REF!
Other receivables from non-exchange transactions	4;38	#REF!	#REF!
Inventories	5	#REF!	#REF!
Prepayments	6	#REF!	#REF!
VAT receivable	13	#REF!	#REF!
Non-current assets			
		#REF!	#REF!
Non-current receivables	7	#REF!	#REF!
Property, plant and equipment	8	#REF!	1 760 005 088
Heritage assets	9	1 151 452	988 478
Intangible assets	10	383 745	378 216
Total assets		#REF!	#REF!
LIABILITIES			
Current liabilities			
		#REF!	#REF!
Trade and other payables from exchange transactions	11	#REF!	#REF!
Consumer deposits	12	#REF!	#REF!
Taxes and transfers payable (non-exchange)		-	#REF!
Current provisions	14	5 869 455	5 280 542
Bank overdraft	2	#REF!	
Payables from non-exchange transactions	15	#REF!	#REF!
Non-current liabilities			
		#REF!	#REF!
Other non-current financial liabilities	17	#REF!	#REF!
Total liabilities		#REF!	#REF!
Net assets		#REF!	#REF!
NET ASSETS			
Accumulated surplus / (deficit)		#REF!	#REF!
Total net assets		#REF!	#REF!

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2014

	Note	<u>2014</u> R	<u>2013</u> R
Revenue from Exchange Transactions			
Service charges	18	#REF!	#REF!
Rental of facilities and equipment	19	#REF!	#REF!
Interest earned - external investments	20	#REF!	#REF!
Interest earned - outstanding receivables	21	#REF!	#REF!
Other revenue from exchange transactions	23	#REF!	#REF!
Revenue from Non-Exchange Transactions			
Government grants and subsidies received	22	#REF!	#REF!
Other revenue from non-exchange	22.1	#REF!	37 767
Total revenue		<u>#REF!</u>	<u>#REF!</u>
Expenses			
Employee related costs	24	#REF!	#REF!
Remuneration of councilors	25	6 191 361	#REF!
Contribution to Doubtful debts	3	#REF!	#REF!
Depreciation and amortisation expense	26.1	#REF!	30 074 024
Repairs and maintenance	26.2	#REF!	#REF!
Finance costs	27	#REF!	#REF!
Bulk Water purification and Sewer Treatment	28	#REF!	#REF!
Contracted services	29	#REF!	#REF!
Grants and subsidies paid	30	#REF!	#REF!
General expenses	31	#REF!	#REF!
Total expenses		<u>#REF!</u>	<u>#REF!</u>
Gains / (losses) on sale of assets	32	#REF!	#REF!
Financial Loss Recovered	42	#REF!	#REF!
Surplus / (deficit) for the period		<u>#REF!</u>	<u>#REF!</u>

**ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2014**

DETAILS	Note	Accumulated Surplus/(Deficit) R
Balance at 30 June 2012		1 563 719 982
Correction of prior period error	38	#REF!
Restated Balance at 30 June 2012		#REF!
Surplus / (deficit) for the period		#REF!
Restated Balance at 30 June 2012		#REF!
Correction of prior period error	38	(5 676 279)
Restated Balance at 30 June 2013		#REF!
Surplus / (deficit) for the period		#REF!
Balance at 30 June 2014		#REF!

ZULULAND DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 R	2013 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		#REF!	#REF!
Cash Received from consumers, government and other	33	#REF!	#REF!
Payments		#REF!	#REF!
Cash Paid to employee costs, supplier and other	33	#REF!	#REF!
Net cash flows from operating activities	33	#REF!	#REF!
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		#REF!	#REF!
Purchase of Property, Plant and Equipment		(323 461 861)	(297 030 082)
Purchase of Heritage Assets		(162 974)	(683 108)
Proceeds from sale of Property, Plant and Equipment		#REF!	-
Interest-Investments		#REF!	#REF!
Purchase of intangible assets		(49 800)	(174 933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of finance lease liability		-	(112 355)
Finance Cost-Finance Lease		#REF!	#REF!
		#REF!	#REF!
Net increase / (decrease) in net cash and cash equivalents		#REF!	#REF!
Net cash and cash equivalents at beginning of period		#REF!	130 550 767
Net cash and cash equivalents at end of period	34	#REF!	#REF!

ZULULAND DISTRICT MUNICIPALITY							
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS							
for the year ended 30 June 2014							
Actual 2013	Description	Actual 2014	Approved Budget 2014	Adjustments	Final Budget 2014	Difference	Comments
	Revenue						
#REF!	Service charges	#REF!	34 574 042		34 574 042	#REF!	Under-billing of water revenue due to water restrictions and some consumers prefer free water.
#REF!	Rental of facilities and equipment	#REF!	103 812		103 812	#REF!	Budget oversight.
#REF!	Interest earned - external investments	#REF!	13 981 389		13 981 389	#REF!	Interest is based on estimated capital investments that fluctuate during the year.
#REF!	Interest earned - outstanding receivables	#REF!			-	#REF!	Entry based on Grap compliance
#REF!	Government grants and subsidies	#REF!	651 503 000	7 164 000	658 667 000	#REF!	The grants that were unspent in 2012/2013 have met their conditions and the revenue was recognised.
37 767	Other income	#REF!	139 693 177	7 950 000	147 643 177	#REF!	Due to the appropriation of accumulated reserves used to finance the budget
#REF!	Total revenue	#REF!	839 855 420	15 114 000	854 969 420	#REF!	
					-	-	
	Expenses						
#REF!	Employee related costs	#REF!	129 968 454		129 968 454	#REF!	savings in salaries
#REF!	Remuneration of councilors	6 191 361	6 272 356		6 272 356	80 995	savings in allowances
#REF!	Bad debts	#REF!	3 403 711		3 403 711	#REF!	Based on actual debt impairment
30 074 024	Depreciation and amortisation expense	#REF!	35 280 259		35 280 259	#REF!	Based on prior year actual depreciation. Assets purchased at different intervals during the year.
#REF!	Repairs and maintenance	#REF!	51 921 262.12		51 921 262	#REF!	Savings achieved
#REF!	Finance costs	#REF!	10 902		10 902	#REF!	Liabilities paid during the year
#REF!	Bulk Water purification and Sewer Treatment	#REF!	75 574 610		75 574 610	#REF!	bulk water purchases is fully spent as a results of refurbishment works conducted at the plants.
#REF!	Contracted services	#REF!	10 118 297		10 118 297	#REF!	Actual expenditure was slightly above budget but virements were made to accomodate those expeniture
#REF!	Grants and subsidies paid	#REF!	1 939 239		1 939 239	#REF!	Funded organisations could not prove prior year expenditure
#REF!	General expenses	#REF!	203 324 178	15 735 549	219 059 727	#REF!	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance
#REF!	Total expense	#REF!	517 813 267	15 735 549	533 548 816	#REF!	
#REF!	Gains / (losses) on sale of assets	#REF!		-	-	-	
#REF!	Financial Loss Recovered	#REF!	-	-	-	-	Proceeds from insurance claim
#REF!	Suptus/ (Deficit) for the period	#REF!	322 042 153	-621 549	321 420 604	#REF!	

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

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

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

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

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

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

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	<i>Segment Reporting</i>	No effective date
GRAP 20	<i>Related Party Disclosures</i>	No effective date
GRAP 32	<i>Service Concessions Arrangement Grantor</i>	No effective date
GRAP 105	<i>Transfer of Functions Between Entities Under Common Control</i>	No effective date
GRAP 106	<i>Transfer of Functions Between Entities Not Under Common Control</i>	No effective date
GRAP 107	<i>Mergers</i>	No effective date
GRAP 108	Statutory Receivables	No effective date

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's 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.

It is unlikely that the standard will have a material impact on the municipality's financial statements.
For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

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

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

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

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

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

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

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

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

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

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

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

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

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

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

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

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

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure

Water	15-70 years
Sewerage	15-70 years

Community

Buildings	30 years
Recreational Facilities	20-30 years

Finance lease assets

Office equipment	5 years
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Other

Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

1.6.4 DERECOGNITION

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

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirement of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated; however the municipality assesses impairment to all heritage assets at each reporting date.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the statement of financial performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

1.8.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:

Computer software 5-7 years

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.8.4 DERECOGNITION

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

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION

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

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

1.9.2 SUBSEQUENT MEASUREMENT

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

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

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

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

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11.3 IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an Investment Property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.11.4 DERECOGNITION

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

1.13.3 IMPAIRMENTS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

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

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

The cash flows from the asset expire, are settled or waived;

a) Significant risks and rewards are transferred to another party; or

b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.9 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 UNAUTHORISED EXPENDITURE

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

1.14 IRREGULAR EXPENDITURE

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

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

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

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

1.16.2 MUNICIPALITY AS A LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.17 PROVISIONS

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

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

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

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly.

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Fines constitute both spot fines in the form of meter tempering fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

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

1.18.3 GRANTS, TRANSFERS AND DONATIONS

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

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2014

Municipal Councillors

Councillors belong to the Councillors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfalls in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits. Except for one staff member who was transferred from another local municipality.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in a separate budget statement in the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2013 to 30 June 2014.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
2 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of the following:		
Cash on hand	#REF!	#REF!
Call deposits	#REF!	#REF!
	<u>#REF!</u>	<u>#REF!</u>
The Municipality has the following bank accounts: -		
<u>Current Account (Primary Bank Account)</u>		
ABSA BANK-KZN Public Sector Branch: 4047162045		
Cash book balance at beginning of year	#REF!	(39 476 013)
Cash book balance at end of year	#REF!	#REF!
Bank statement balance at beginning of year	40 318 624	55 427 514
Bank statement balance at end of year	11 200 997	40 318 624
<u>Cash on hand</u>	<u>#REF!</u>	<u>#REF!</u>
Total cash and cash equivalents	<u>#REF!</u>	<u>#REF!</u>
Total bank overdraft	<u>#REF!</u>	<u>-</u>
<u>Call Accounts</u>		
Absa Bank (20-7293-6439)		30 000 000
First National Bank (IDS3607016)		10 000 000
Standard Bank (9864660)		10 000 000
Investec		-
Total	<u>-</u>	<u>50 000 000</u>

Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes (2013). The guarantee was released during the 2014 financial year.

3.1 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS	Gross Balances R	Impairment of Debtors R	Net Balance R
<u>Trade receivables</u>			
as at 30 June 2014			
Service debtors (Water and Sanitation)	#REF!	#REF!	#REF!
Total	<u>#REF!</u>	<u>#REF!</u>	<u>#REF!</u>
as at 30 June 2013			
Service debtors (Water and Sanitation)	#REF!	57 628 906	#REF!
Total	<u>#REF!</u>	<u>57 628 906</u>	<u>#REF!</u>
	<u>#REF!</u>	<u>57 628 906</u>	<u>#REF!</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014 R	2013 R
Water and Sewerage: Ageing		
Current (0 – 30 days)	5 057 607	2 647 235
31 - 60 Days	1 436 677	2 126 262
61 - 90 Days	1 534 993	1 580 328
91 - 120 Days	1 244 947	1 298 469
121 - 365 Days	9 471 371	10 827 183
+ 365 Days	49 091 117	42 118 388
Total	67 836 712	60 597 865

Summary of Debtors by Customer Classification

	Consumers	Industrial / Commercial/ National & Provincial Government
	R	R
as at 30 June 2014		
Current (0 – 30 days)	2 360 441.62	2 697 165
31 - 60 Days	980 641.70	456 036
61 - 90 Days	942 468.25	592 525
91 - 120 Days	920 530.98	324 416
121 - 365 Days	7 411 073.29	2 060 298
+ 365 Days	45 893 008.37	3 198 108
Sub-total	58 508 164.21	9 328 548
Less: Provision for doubtful debts		
Total debtors by customer classification	58 508 164	9 328 548
as at 30 June 2013		
Current (0 – 30 days)	1 322 472	1 324 763
31 - 60 Days	1 058 996	1 067 265
61 - 90 Days	1 008 069	572 259
91 - 120 Days	791 044	507 425
121 - 365 Days	8 395 041	2 432 142
+ 365 Days	39 623 384	2 495 005
Sub-total	52 199 006	8 398 859
Less: Provision for doubtful debts		
Total debtors by customer classification	52 199 006	8 398 859

3.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year	57 628 906	48 113 262
Contributions to provision	#REF!	2 525 817
Reversal of provision	-	-
Total	#REF!	50 639 079
Correction of error (Note 38)	-	6 989 827
Balance at end of year	#REF!	57 628 906

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2014, R3 791 500 - (2013: R2 968 959) were past due but not impaired.

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

Less than 60 days past due	1 288 885	745 987
Less than 180 days past due	2 502 614	2 222 972
	3 791 500	2 968 959

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

	Note	<u>2014</u> R	<u>2013</u> R
<u>Trade and other receivables impaired</u>			
As of 30 June 2014, trade and other receivables of R64 045 213 - (2013: R57 628 906) were impaired and provided for.			
The ageing of these receivables is as follows:			
3 to 6 months		64 045 213	57 628 906
Over 6 months		7 900 892	5 359 657
		56 144 321	52 269 249

The fair value of trade and other receivables approximates their carrying amounts.

3.2. OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Debtor: B Mpanza

Re-classified from Other Receivables from Non-Exchange Transactions (Note 4)

Total

	#REF!	-
	-	#REF!
Total	#REF!	#REF!

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Total

Re-classified to Other Receivables from Exchange Transactions (Note 3.1)

Total Other Debtors

	#REF!	#REF!
	#REF!	#REF!
Total Other Debtors	#REF!	#REF!

5 INVENTORIES

Closing balance of inventories:

Consumable store & water stock

Fuel Stock

	#REF!	#REF!
	#REF!	#REF!
	27 880.00	-

6 PREPAYMENTS

Prepaid expenses

Federal Air deposit

	#REF!	#REF!
	689 920	#REF!
Total	#REF!	#REF!

Includes pre-payments for Salga fees and accommodation for Salga games 2014, PayDay Annual Licences for 2014-15, Eskom and Geniprint PTY Ltd (2013).

Federal Air Deposit- A deposit on aviation contract

7 NON-CURRENT RECEIVABLES

Debtor: Eskom Deposits

Deposit: Property 165 President Str, Vryheid

Total

	#REF!	#REF!
	#REF!	#REF!
Total	#REF!	#REF!

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

8 PROPERTY, PLANT AND EQUIPMENT

8 Reconciliation of Carrying Value	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2013	470 000	34 579 548	1 685 943 115	14 933 380	-	24 079 046	(0)	1 760 005 088
Cost/Revaluation	470 000	43 476 034	1 881 552 458	14 933 380	-	48 931 077	907 254	1 990 270 202
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(8 896 486)	(195 609 344)	-	-	(24 852 031)	(907 254)	(230 265 114)
Acquisitions	-	-	-	-	-	7 082 987	-	7 082 987
Capital under Construction	-	-	316 378 874	-	-	-	-	316 378 874
Depreciation	-	(1 170 271)	(25 039 804)	(34 940)	-	(3 411 285)	-	(29 656 301)
Carrying value of disposals	-	-	-	-	-	(818 876)	-	(818 876)
Cost/Revaluation	-	-	-	-	-	(6 643 757)	-	(6 643 757)
Accumulated depreciation and impairment losses	-	-	-	-	-	5 824 881	-	5 824 881
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
as at 30 June 2014	470 000	33 409 277	1 977 282 185	14 898 440	-	26 931 872	(0)	2 052 991 772
Cost/Revaluation	470 000	43 476 034	2 197 931 333	14 933 380	-	49 370 306	907 254	2 307 088 306
Transfers	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(10 066 757)	(220 649 148)	(34 940)	-	(22 438 435)	(907 254)	(254 096 534)

Refer to Appendix B for more detail on property, plant and equipment

Asset number 18592 located at Masokhaneni is identified as temporarily idle due to that, there is no water on ground because of poor raining condition

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

8 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2012	470 000	35 180 011	1 430 740 353	-	305 370	26 020 038	104 219	1 492 819 990
Cost/Revaluation	470 000	42 996 247	1 603 713 009	-	305 370	44 677 284	907 254	1 693 069 163
Correction of error (note 48)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(7 816 236)	(172 972 657)	-	-	(18 657 246)	(803 035)	(200 249 174)
Acquisitions	-	-	-	-	-	4 253 793	-	4 253 793
Capital under Construction	-	479 787	293 778 631	-	-	-	-	294 258 418
Depreciation	-	(1 080 250)	(22 636 687)	-	-	(6 194 785)	(104 219)	(30 015 941)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
as at 30 June 2013	470 000	34 579 548	1 700 876 494	-	-	24 079 046	(0)	1 760 005 088
Cost/Revaluation	470 000	43 476 034	1 897 491 640	-	305 370	48 931 077	907 254	1 991 581 374
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)
Accumulated depreciation and impairment losses	-	(8 896 486)	(195 609 344)	-	-	(24 852 031)	(907 254)	(230 265 114)

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014**

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2013	988 478	-	-	-	988 478
Cost/Revaluation	988 478	-	-	-	988 478
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	162 974	-	-	-	162 974
Capital under Construction	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other movements*	-	-	-	-	-
as at 30 June 2014	1 151 452	-	-	-	1 151 452
Cost/Revaluation	1 151 452	-	-	-	1 151 452
Transfers	-	-	-	-	-
Impairment losses	-	-	-	-	-

Refer to Appendix C for more detail on Heritage Assets

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013**

9 Reconciliation of Carrying Value	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
	R	R	R	R	R
as at 1 July 2012	305 370	-	-	-	305 370
Cost/Revaluation	305 370	-	-	-	305 370
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	683 108	-	-	-	683 108
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
*Other movements	-	-	-	-	-
as at 30 June 2013	988 478	-	-	-	988 478
Cost/Revaluation	988 478	-	-	-	988 478
Impairment losses	-	-	-	-	-

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	Note	
10 INTANGIBLE ASSETS		
10.1 Reconciliation of carrying value	Computer Software	Total
	R	R
as at 1 July 2013	378 216	378 216
Cost	2 211 836	2 211 836
Accumulated amortisation and impairment losses	(1 833 620)	(1 833 620)
Acquisitions	49 800	49 800
Amortisation	(44 271)	(44 271)
Carrying value of disposals	0	0
Cost	1 666 579	1 666 579
Accumulated amortisation	(1 666 579)	(1 666 579)
as at 30 June 2014	383 745	383 745
Cost	3 928 215	3 928 215
Accumulated amortisation and impairment losses	(3 544 470)	(3 544 470)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
11	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Creditor previous year/ year end		#REF!	#REF!
Bank deposits not receipted		#REF!	#REF!
Other Creditors		#REF!	#REF!
Retention		#REF!	#REF!
R/D cheque		#REF!	#REF!
Water & Sanitation Debtors with Credit Balances		#REF!	#REF!
Total		<u>#REF!</u>	<u>#REF!</u>
Adjusted for Correction of Error (Note 38)		-	13 521
Total Restated Creditors		<u>#REF!</u>	<u>#REF!</u>
12	CONSUMER DEPOSITS		
Water		#REF!	#REF!
Total consumer deposits		<u>#REF!</u>	<u>#REF!</u>
ZDM does not pay interest on deposits refunded.			
13	VAT RECEIVABLE		
Vat		#REF!	#REF!
Year-end vat reclaimable		#REF!	#REF!
VAT Payable		#REF!	#REF!
Total		<u>#REF!</u>	<u>#REF!</u>
Adjusted for Correction of Error (Note 38)		-	2 846 743
Restated balance		<u>#REF!</u>	<u>#REF!</u>
Vat is accounted for on the payments basis.			
14	CURRENT PROVISIONS		
Reconciliation of movement in Provision for Leave pay			
Opening Balance		5 280 542	4 283 886
Provisions Raised		2 882 803	3 273 272
Amounts Used			<u>(2 276 614)</u>
Closing Balance		<u>5 869 455</u>	<u>5 280 542</u>
15	OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
Unspent Conditional Grants from other spheres of government		#REF!	#REF!
Creditors Deceased Staff		#REF!	-
Total		<u>#REF!</u>	<u>#REF!</u>
Adjusted for Correction of Error (Note 38)			(20 870)
Total Unspent Conditional Grants and Receipts		<u>#REF!</u>	<u>#REF!</u>
16	FINANCE LEASE LIABILITY		
2014	Minimum lease payment		Future finance charges
Amounts payable under finance leases	R		R
Within one year	-		-
Within one year	-		-
	<u>-</u>		<u>-</u>
Less: Amount due for settlement within 12 months (current portion)			
Outstanding amount			
2013	Minimum lease payment		Future finance charges
Amounts payable under finance leases	R		R
Within one year	122 690	112 355	10 334
Within two to five years			
	<u>122 690</u>		<u>10 334</u>
Less: Amount due for settlement within 12 months (current portion)			
The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.			
17	OTHER FINANCIAL LIABILITIES		
Other Non-Current Financial Liabilities			
Deposit-IEC		#REF!	#REF!
Deposit - WSSA		#REF!	#REF!
Other Non-Current Financial Liabilities (R5,325) are rental deposits by IEC and WSSA		<u>#REF!</u>	<u>#REF!</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
18	SERVICE CHARGES		
	Sale of water	#REF!	#REF!
	Sewerage and sanitation charges	#REF!	#REF!
	Total Service Charges	<u>#REF!</u>	<u>#REF!</u>
19	RENTAL OF FACILITIES AND EQUIPMENT		
	Rental of facilities	#REF!	#REF!
	Total rentals	<u>#REF!</u>	<u>#REF!</u>
20	INTEREST EARNED - EXTERNAL INVESTMENTS		
	Current Account	#REF!	#REF!
	Call Accounts	#REF!	#REF!
	Total interest	<u>#REF!</u>	<u>#REF!</u>
21	INTEREST EARNED - OUTSTANDING RECEIVABLES		
	Debtors	#REF!	#REF!
	Total interest	<u>#REF!</u>	<u>#REF!</u>
22	REVENUE FROM NON-EXCHANGE TRANSACTIONS		
	GOVERNMENT GRANTS AND SUBSIDIES		
	DWAF Accelerated Community infrastructure (Operational & maintenance)	#REF!	#REF!
	DWAF - Bulk Infrastructure Grant	#REF!	#REF!
	Equitable share	#REF!	#REF!
	Expanded public works Programme	#REF!	#REF!
	Finance Management Grant	#REF!	#REF!
	Grant: Rural Sanitation	#REF!	#REF!
	Indonsa	#REF!	#REF!
	LED Catalyst	#REF!	#REF!
	MIG Grant	#REF!	#REF!
	MWIG	#REF!	#REF!
	Municipal Systems Improvement Grant	#REF!	#REF!
	Massification	#REF!	#REF!
	P700 Strategic Corridor	#REF!	#REF!
	Shared Services Planning	#REF!	#REF!
	Ulundi Airport	#REF!	#REF!
	Training of Councillors	#REF!	#REF!
	Grants: ACIP	#REF!	#REF!
	Ulundi Tourism Hub	#REF!	#REF!
	TOTAL	<u>#REF!</u>	<u>#REF!</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
22.1 Other Revenue from Non-Exchange			
Tampering Fee		#REF!	
Re-classified from Other Income (Tampering Fee)			37 767
		<u>#REF!</u>	<u>37 767</u>

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water.

MIG GRANT

Balance unspent at beginning of year

Current year receipts	#REF!	#REF!
Conditions met - transferred to revenue	#REF!	#REF!
Conditions still to be met - remain liabilities	<u>#REF!</u>	<u>#REF!</u>

MIG is implemented on a multi year programme and the conditions are met on an ongoing basis.

Conditional Government Grants and Subsidies

Balance unspent at beginning of year	13 275 022	10 734 655
Current year receipts	660 323 508	653 200 893
Conditions met - transferred to revenue	(673 040 160)	(650 660 526)
Conditions still to be met - remain liabilities	<u>558 370</u>	<u>13 275 023</u>

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 05 of 2013, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

23 OTHER INCOME FROM EXCHANGE TRANSACTIONS

OTHER INCOME

Marathon entry fee	#REF!	#REF!
New connections-sewerage	#REF!	#REF!
New connections-water	#REF!	#REF!
Reconnection fees-water	#REF!	#REF!
Sundry Income	#REF!	#REF!
Sale of Aviation fuel	#REF!	-
Revenue from flight tickets	#REF!	-
Donations received	#REF!	-
Discount Received	#REF!	#REF!
Indonsa Hall Hire	#REF!	#REF!
Telephone expenses recovered	#REF!	#REF!
Skills Levy Refunds	#REF!	#REF!
Non-refundable tender deposit	#REF!	#REF!
Total	<u>#REF!</u>	<u>#REF!</u>
Re-classified to Revenue From Non-Exchange (Tampering Fee)	-	(37 767)
TOTAL OTHER INCOME	<u>#REF!</u>	<u>#REF!</u>

24 EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	#REF!	#REF!
Employee related costs - Contributions for UIF, pensions and medical aids	#REF!	#REF!
Travel, motor car, accommodation, subsistence and other allowances	#REF!	#REF!
Housing benefits and allowances	#REF!	#REF!
Overtime payments	#REF!	#REF!
Other employee related costs	#REF!	#REF!
TOTAL EMPLOYEE RELATED COSTS	<u>#REF!</u>	<u>#REF!</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
Remuneration of the Municipal Manager			
Annual Remuneration		540 000	540 000
Performance- and other bonuses		138 524	229 704
Travel, motor car, accommodation, subsistence and other allowances		705 096	706 772
Contributions to UIF, Medical and Pension Funds		61 115	53 294
TOTAL		1 444 735	1 529 770

Remuneration of the Chief Finance Officer			
Annual Remuneration		360 000	360 000
Performance- and other bonuses		106 015	166 917
Travel, motor car, accommodation, subsistence and other allowances		653 452	627 289
Contributions to UIF, Medical and Pension Funds		52 200	46 924
TOTAL		1 171 667	1 201 131

Remuneration of Individual Executive Directors	Planning R	Technical Services R	Corporate Services R	Community Services R
2014				
Annual Remuneration	360 000	360 000	360 000	360 000
Performance- and other bonuses	86 932	-	90 113	86 932
Travel, motor car, accommodation, subsistence and other allowances	677 102	681 428	717 181	676 522
Contributions to UIF, Medical and Pension Funds	35 087	18 721	55 895	21 355
Total	1 159 121	1 060 150	1 223 189	1 144 810

	Community R	Technical Services R	Corporate Services R	Planning R
2013				
Annual Remuneration	360 000	60 000	351 239	360 000
Performance- and other bonuses	-	-	162 989	86 235
Travel, motor car, accommodation, subsistence and other allowances	669 601	102 949	694 393	627 814
Contributions to UIF, Medical and Pension Funds	37 286	3 005	56 798	19 713
Total	1 066 887	165 954	1 265 419	1 093 762

25 REMUNERATION OF COUNCILLORS	R	R
Mayor	703 801.00	724 280.02
Deputy Executive Mayor	351 900.00	409 088.38
Speaker	563 040.00	599 390.94
Executive Committee Members	2 111 404.00	2 761 774.37
Councillors' pension and medical aid contributions	319 036.96	#REF!
Councillors' allowances	2 142 178.85	1 166 800.80
Total Councillors' Remuneration	6 191 360.81	#REF!

In-kind Benefits

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

The Mayor has use of the Council owned vehicle for official duties. The Mayor has contracted bodyguards and three (3) full time drivers.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014 R	2013 R
26.1	DEPRECIATION AND AMORTISATION EXPENSE		
	Property, plant and equipment	#REF!	(30 015 941)
	Intangible assets	(44 271)	(58 084)
	Total Depreciation and Amortisation	#REF!	(30 074 024)
26.2	REPAIRS AND MAINTENANCE		
	Repairs and maintenance: Building	#REF!	#REF!
	Repairs and maintenance: Computers	#REF!	#REF!
	Repairs and maintenance: Furniture and equipments	#REF!	#REF!
	Operations and maintenance of water schemes	#REF!	#REF!
	Refurbishment and maintenance - water schemes	#REF!	#REF!
	Repairs and maintenance: Vehicles	#REF!	#REF!
	Total	#REF!	#REF!
27	FINANCE COSTS		
	Borrowings	#REF!	#REF!
	Total Finance Costs	#REF!	#REF!
28	BULK WATER PURIFICATION AND SEWER TREATMENT		
	Electricity	#REF!	#REF!
	Water	#REF!	#REF!
	Total Bulk Purchases	#REF!	#REF!
29	CONTRACTED SERVICES		
	Contracted services for:		
	Security Services	#REF!	#REF!
	Meter reading Services	#REF!	#REF!
	Cleaning Service	#REF!	#REF!
	Internal Audit Services	#REF!	#REF!
	Restated total	#REF!	#REF!
30	GRANTS AND SUBSIDIES PAID		
	Abaqulusi Municipality	#REF!	#REF!
	Nongoma Municipality	#REF!	#REF!
	Pongola Municipality	#REF!	#REF!
	Ulundi Municipality	#REF!	#REF!
	Battlefields Route	#REF!	#REF!
	Zululand Brigding Route	#REF!	#REF!
	Water Service Provider Grant (Abaqulusi)	#REF!	#REF!
	Total	#REF!	#REF!
	These grants comprise Tourism Grants to Local Municipalities, other tourism institutions and a Water Services Provider Grant to Abaqulusi Municipality		
31	GENERAL EXPENSES		
	Included in general expenses are the following:-		
	Advertising	#REF!	#REF!
	Audit fees	#REF!	#REF!
	Bank charges	#REF!	#REF!
	Conferences and delegations	#REF!	#REF!
	Entertainment	#REF!	#REF!
	Fuel and oil	#REF!	#REF!
	Insurance	#REF!	#REF!
	Membership fees	#REF!	#REF!
	License fees (Vehicles)	#REF!	#REF!
	Postage	#REF!	#REF!
	Printing and stationery	#REF!	#REF!
	Professional fees	#REF!	#REF!
	Rental of buildings	#REF!	#REF!
	Rental of office equipment	#REF!	#REF!
	Other rentals	#REF!	#REF!
	Skills development levies	#REF!	#REF!
	Stocks and material	#REF!	#REF!
	Telephone cost	#REF!	#REF!
	Training	#REF!	#REF!
	Community & social expenditure	#REF!	#REF!
	Travel and subsistence	#REF!	#REF!
	Uniforms & overalls	#REF!	#REF!
	Grants/ Projects expenditure	#REF!	#REF!
	Internal Audit fees	-	#REF!
	Total	#REF!	#REF!
	Reclassified to Contracted Services (Internal Audit fees)	-	#REF!
	Restated total	#REF!	#REF!

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
32	GAIN / (LOSS) ON SALE OF ASSETS		
	Property, plant and equipment	#REF!	#REF!
	Total gain / (loss) on sale of assets	<u>#REF!</u>	<u>#REF!</u>
33	CASH GENERATED BY OPERATIONS		
	Surplus/(deficit) for the year	#REF!	#REF!
	Adjustment for:-		
	Depreciation and amortisation	#REF!	30 074 024
	(Gain) / loss on sale of assets	#REF!	-
	Finance costs-Borrowings	#REF!	#REF!
	Interest - Investments	#REF!	#REF!
	Operating surplus before working capital changes:	<u>#REF!</u>	<u>#REF!</u>
	Working Capital	<u>#REF!</u>	<u>(6 089 712)</u>
	(Increase)/decrease in trade and other receivables from exchange transactions	#REF!	(4 498 725)
	(Increase)/decrease in other receivables from non-exchange transactions	#REF!	(2 759 173)
	(Increase)/decrease in current provisions	588 913	996 657
	(Increase)/decrease in prepayments	#REF!	34 293
	(Increase)/decrease in VAT receivable	#REF!	(344 526)
	(Increase)/decrease in VAT payable	-	-
	(Increase)/decrease in Inventory	#REF!	(801 121)
	(Increase)/decrease in non-current receivables	#REF!	(654 220)
	Increase/(decrease) in trade and other payables from exchange transactions	#REF!	(529 354)
	Increase/(decrease) in consumer deposits	#REF!	(100 407)
	Increase/(decrease) in current taxes	#REF!	32 712
	Increase/(decrease) in current portion of unspent conditional grants and receipts	#REF!	2 540 367
	Increase in other non current financial liabilities	#REF!	-
	Increase in other debtors	#REF!	-
	Increase/(decrease) in other current financial liabilities (Current liabilities)	#REF!	(6 214)
	Cash generated by/(utilised in) operations	<u>#REF!</u>	<u>#REF!</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014	2013
	R	R
Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	#REF!	#REF!
Adjusted for items disclosed separately		
Interest received	#REF!	#REF!
Financial loss recovered	#REF!	
Adjusted for working capital	#REF!	(8 061 109)
(Increase)/decrease in trade and other receivables from exchange transactions	#REF!	(4 498 725)
(Increase)/decrease in other receivables from non-exchange transactions	#REF!	(2 759 173)
Increase in current portion of receivables	588 913	996 657
(Increase)/decrease in VAT receivable	#REF!	(344 526)
(Increase)/decrease in Inventory	#REF!	(801 121)
(Increase) in non-current receivables	#REF!	(654 220)
Increase in other debtors from exchange	#REF!	
Cash receipts from consumers, government and other	#REF!	#REF!
Cash paid to employees, suppliers and other		
Total expenses as per statement of financial performance	#REF!	#REF!
Adjusted for non-cash items:	#REF!	30 074 024
Depreciation	#REF!	30 074 024
Adjusted for items disclosed separately		
Finance Costs	#REF!	#REF!
Adjusted for working capital	#REF!	#REF!
(Increase)/decrease in prepayments	#REF!	34 293
Increase/(decrease) in trade and other payables from exchange transactions	#REF!	(529 354)
Increase/(decrease) in current portion of unspent conditional grants and receipts	#REF!	2 540 366
Increase/(decrease) in consumer deposits	#REF!	(100 407)
Increase/(decrease) in current taxes and transfers payables (non-exchange)	#REF!	#REF!
Increase/(decrease) in other current liabilities	#REF!	(6 214)
Increase/(decrease) in other current liabilities		
Cash paid to employees, suppliers and other	#REF!	#REF!
34 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	#REF!	#REF!
Bank overdrafts	#REF!	-
Net cash and cash equivalents (net of bank overdrafts)	#REF!	#REF!
35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35.1 Contributions to organised local government		
Opening balance		-
Membership Fees	1 257 632	#REF!
Amount paid - current	(1 257 632)	#REF!
Amount paid - previous years		
Balance unpaid (included in payables)	-	#REF!

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
35.2	Audit fees		
	Opening balance		
	Current year audit fee	1 943 915	#REF!
	Amount paid - current year	(1 943 915)	#REF!
	Balance unpaid (included in payables)	<u>-</u>	<u>#REF!</u>
35.3	PAYE and UIF		
	Opening balance	-	-
	Current year payroll deductions	19 853 575	11 147 085
	Amount paid - current year	(19 853 575)	(11 147 085)
	Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
35.4	Medical and Pension Contributions		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	25 968 210	16 164 057
	Amount paid - current year	(25 968 210)	(16 164 057)
	Balance unpaid (included in payables)	<u>-</u>	<u>-</u>
35.5	The following Councillors had arrear accounts outstanding as at 30 June 2014:	Outstanding less than 90 days	Outstanding more than 90 days
		R	R
	as at 30 June 2014		
	Cllr T B Lukhele	2 329	32 124
	Cllr PATN Buthelezi	205	3 666
	Cllr I A Mbatha	278	2 501
	Cllr B J Mncwango	1 595	10 223
	Cllr T K Mkhize	195	522
	Cllr K E Nxumalo	1 206	36 454
	Total Councillor Arrear Consumer Accounts	<u>3 399</u>	<u>85 490</u>
	as at 30 June 2013		
	Cllr T B Lukhele	22 203	-
	Cllr V Z KaMagwaza-Msibi	(232)	(232)
	Cllr PATN Buthelezi	3 125	-
	Cllr I A Mbatha	1 096	-
	Cllr S E Nkwanyana	351	-
	Cllr B J Mncwango	(136)	(136)
	Cllr T K Mkhize	6 571	-
	Cllr K E Nxumalo	30 870	-
		(389)	-
	Total Councillor Arrear Consumer Accounts	<u>63 459</u>	<u>(368)</u>

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

	Note	2014	2013
		R	R
35.6	Water losses averaged 7.6% during the year	6 546 209	9 628 755

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7 Irregular Expenditure			
Reconciliation of irregular expenditure			
Opening balance		12 890 986	16 870 556
Irregular expenditure incurred during the year		88 750	1 443 341
Report on Deviations incurred		-	18 653 376
Irregular expenditure condoned or written-off by council		(12 890 986)	-
Irregular expenditure awaiting condonement		88 750	36 967 273
Irregular expenditure condoned or written-off by council in 2012/13			(5 422 911)
Re-classified to Report on Deviations (Note 35.10)			(18 653 376)
Restated irregular expenditure awaiting condonement		88 750	12 890 986

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBD 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance		-	6 975 536
Unauthorised incurred during the year		-	-
Unauthorised incurred condoned or written-off by council		-	(6 975 536.0)
Unauthorised awaiting condonement		-	-

35.9 Fruitless and Wasteful expenditure			
Reconciliation of fruitless and wasteful expenditure			
Opening balance		42 815	20 098
Fruitless and wasteful incurred during the year		78 205	42 815
Fruitless and wasteful condoned or written-off by council		(79 821)	(20 098)
Fruitless and wasteful awaiting condonement		41 199	42 815

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

35.10 Report on Approved Deviations			
Reconciliation of approved deviations			
Opening balance		-	-
Reclassified from Irregular Expenditure (Note 35.7)		-	18 653 376
Deviations incurred during the year		47 370 587	-
Deviations reported to council		(47 370 587)	(18 653 376)
Deviations awaiting reporting to council		-	-

Compliance with Municipal Supply Chain Management Regulations, paragraph 36.

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	Note	2014	2013
		R	R
36 CAPITAL COMMITMENTS			
Commitments in respect of capital expenditure			
- Approved and contracted for		227 874 918	276 647 535
Infrastructure		225 071 160	276 647 535
Community		2 803 758	-
Heritage			
Other			
- Approved but not yet contracted for		129 435 840	110 780 866
Community		-	6 000 000
Heritage			
Other		17 513 000	19 055 161
Infrastructure		111 922 840	85 725 705
Total		<u>357 310 758</u>	<u>387 428 401</u>
This expenditure will be financed from:			
- Own Revenue		20 316 758	28 397 401
- Government Grants		336 994 000	359 031 000
- District Council Grants			
		<u>357 310 758</u>	<u>387 428 401</u>

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	Note	2014	2013
		R	R
37 OPERATING LEASES			
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:			
Operating leases - lessee			
Within one year		81 287	132 059
In the second to fifth year inclusive		77 927	223 512
After five years			
Total		159 215	355 571
Total future minimum sublease payment expected to be received under non-cancellable sublease			
Related party balances			
Loan accounts - Owing (to) by related parties			

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	Note	2014	2013
		R	R
38	CORRECTION OF PRIOR PERIOD ERROR		
Add: Correction of errors at 30 June 2012 and prior periods			
Nature of error			
			(500)
			(928)
			(4 531)
			(110)
			1 718 299
			<u>#REF!</u>
			<u> </u>

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

Note	2014	2013
	R	R
For the 2013 period		
Nature of error		
Reversal of R/D receipts suspense account (JNL E075)		(232)
Reversal of JNL No. A071 from WIP to Correction of Error vote (E0170).		(7 221)
JNL E095		41 741
Reversal of JNL no. A095.		(41 741)
Flight tickets revenue		423 385
Fed Air Expenditure		(423 385)
Capitalisation of work-in-progress and recognition of year-end receipts (JNL E026).		192 557
Recognition of input VAT that was not claimed during 12/13 financial year (JNL E0197)		1 128 444
Recognition of VAT on 2013 debtors balance before calculating provision for impairment (JN A053)		(6 989 827)
Restated Balance at 30 June 2013		<u>(5 676 279)</u>

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2014

	Note	2014	2013
		R	R
NET EFFECT OF PRIOR PERIOD ERRORS:			
Increase creditors			(13 521)
Decrease in Retention			-
Increase in debtors (VAT Receivables)			2 846 743
Decrease in Unspent Grant (creditors)			20 870
Increase in provision for debtors impairment			(6 989 827)
Increase in assets (Work-in-progress)			171 687
NET EFFECT			(3 964 047)

39 EMPLOYEE BENEFITS

Pension Benefits

Council's share of contributions to retirement benefit funds were

#REF!	9 138 808
-------	-----------

As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

Post retirement benefits

Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard. Except for one employee who was transferred from one of the local municipality.

40 CONTINGENT LIABILITIES

Contingent liabilities comprises of:

Pending cases

1 611 293	2 499 804
-----------	-----------

1 611 293	2 499 804
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41 CONTINGENT ASSET

Claim for Stolen cheques

2 831 539	3 481 539
-----------	-----------

Subsequent to the stealing of cheques, the court case has been finalised and the suspect convicted. Some funds were frozen and according to our lawyers, it is probable that we may recover this amount from the Bank.

42 FINANCIAL LOSS RECOVERED (Fraudulent Transactions)

Financial Loss Recovery from the Insurers

#REF!	#REF!
-------	-------

Total

#REF!	#REF!
-------	-------

Financial Loss recovered from Insurers associated with stolen cheques.

43 STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.

The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on page 8. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2013 to 30 June 2014.

44 CHANGE OF ACCOUNTING ESTIMATES

The useful lives of certain assets were re-estimated in 2013 and extended accordingly. In the current period management have revised their estimates. The effect of this revision has increased the depreciation charges for the current and future periods by R 61,893.

The effect of these has resulted to an increase in depreciation as follows:

	Pre-change of estimate	Post-change of estimate	Net effect
Current Depreciation	-	61 893	61 893

45 CAPITAL RISK MANAGEMENT

The capital structure of the municipality consist of accumulated surplus as disclosed in the statement of changes in net assets.

46 GEARING RATIO

The gearing ration is nil since the municipality does not have long term liabilities.

47 FINANCIAL RISK MANAGEMENT

The Department Financial Services monitors and manages the financial risk relating to the operations through internal policies and procedures. These risk include interest rate and liquidity risk. Compliance with policy and procedures is reviewed by internal auditors on a continuous basis an annual by external auditor. the municipality does not enter into or trade financial instruments for speculative purposes.

48 LIQUIDITY RISK

Liquidity risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputations.

Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangement are established at competitive rates to ensure that cash flow requirements are met.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2014

Note	2014	2013
	R	R

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2014

Loan number	Redeemable Date	Balance at 30 June 2013	Received during the period	Redeemed / written off during the period	Balance at 30 June 2014	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
		R	R	R	R	R	R
EXTERNAL LOANS							
Finance Lease Liability-Konica Minolta	30/06/2013	-	-	-	-	-	-
Total long-term loans		-	-	-	-	-	-
TOTAL EXTERNAL LOANS		-	-	-	-	-	-

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2014

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	43 476 034				43 476 034	(8 896 486)	(1 170 271)	-	-	(10 066 757)	-	-	33 409 277
Infrastructure													
Water & Sewerage Inst	1 415 005 874			316 378 874	1 731 384 749	(124 149 619)	(13 353 746)	-	-	(137 503 364)	-	-	1 593 881 384
Water & Sewerage Pipes	466 546 584				466 546 584	(71 459 725)	(11 686 058)	-	-	(83 145 783)	-	-	383 400 801
	-	-	-		-	-	-	-	-	-	-	-	-
	-	-	-		-	-	-	-	-	-	-	-	-
	1 881 552 458	-	-	316 378 874	2 197 931 333	(195 609 344)	(25 039 804)	-	-	(220 649 148)	-	-	1 977 282 185
Community Assets													
Recreation Grounds	14 933 380	-	-	-	14 933 380	-	(34 940)	-	-	(34 940)	-	-	14 898 440
	14 933 380	-	-	-	14 933 380	-	(34 940)	-	-	(34 940)	-	-	14 898 440
Heritage Assets													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artefacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Total carried forward	1 940 431 872	-	-	316 378 874	2 241 877 367	(204 505 830)	(26 245 015)	-	-	(230 715 905)	-	-	2 026 059 901

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2014

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 940 431 872	-	-	316 378 874	2 241 877 367	(204 505 830)	(26 245 015)	-	-	(230 715 905)	-	-	2 026 059 901
Other Assets													
Office Equipment	1 451 210	188 729	(572 873)		1 067 066	(1 239 267)	411 076	506 856		(321 336)	-	-	745 730
Furniture & Fittings	899 422	259 720	(178 972)		980 170	(484 356)	(42 203)	168 091		(358 468)	-	-	621 702
Emergency Equipment	139 476	14 270			153 746	(84 656)	(16 115)			(100 771)	-	-	52 975
Motor vehicles	37 353 845	5 743 430	(3 464 579)		39 632 696	(17 986 853)	(3 469 494)	2 798 343		(18 658 005)	-	-	20 974 692
Computer Equipment	6 233 939	516 488	(2 335 951)		4 414 476	(4 301 187)	(396)	2 265 014		(2 036 569)	-	-	2 377 907
Other Assets	2 853 185	360 350	(91 383)	-	3 122 152	(755 711)	(294 153)	86 577		(963 287)	-	-	2 158 866
	48 931 077	7 082 987	(6 643 757)	-	49 370 306	(24 852 031)	(3 411 285)	5 824 881	-	(22 438 435)	-	-	26 931 872
Finance Lease Assets													
Office Equipment	907 254	-	-	-	907 254	(907 254)				(907 254)	-	-	(0)
Other Assets	-	-	-	-	-	-				-	-	-	-
	907 254	-	-	-	907 254	(907 254)	-	-	-	(907 254)	-	-	(0)
Total	1 990 270 202	7 082 987	(6 643 757)	316 378 874	2 292 154 927	(230 265 114)	(29 656 301)	5 824 881	-	(254 061 594)	-	-	2 052 991 772

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000			
Land													
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	42 996 247	-	-	479 787	43 476 034	(7 816 236)	(1 080 250)	-	-	(8 896 486)	-	-	34 579 548
Infrastructure													
Water & Sewerage Inst	1 137 067 495	-	-	293 778 631	1 430 846 126	(111 549 548)	(12 600 071)	-	-	(124 149 619)	(906 872)	-	1 305 789 635
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(61 423 109)	(10 036 616)	-	-	(71 459 725)	(98 930)	-	395 086 859
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 603 713 009	-	-	293 778 631	1 897 491 640	(172 972 657)	(22 636 687)	-	-	(195 609 344)	(1 005 802)	-	1 700 876 494
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-
Total carried forward	1 647 484 626	-	-	294 258 418	1 941 743 044	(180 788 893)	(23 716 937)	-	-	(204 505 830)	(1 311 172)	-	1 735 926 042

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	1 647 484 626	-	-	294 258 418	1 941 743 044	(180 788 893)	(23 716 937)	-	-	(204 505 830)	(1 311 172)	-	1 735 926 042
Other Assets													
Office Equipment	1 444 412	6 798	-	-	1 451 210	(1 091 921)	(147 346)	-	-	(1 239 267)	-	-	211 943
Furniture & Fittings	685 171	214 251	-	-	899 422	(393 595)	(90 761)	-	-	(484 356)	-	-	415 066
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 476	-	-	-	139 476	(70 659)	(13 997)	-	-	(84 656)	-	-	54 820
Motor vehicles	33 967 611	3 386 234	-	-	37 353 845	(13 068 755)	(4 918 098)	-	-	(17 986 853)	-	-	19 366 992
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 614 417	619 522	-	-	6 233 939	(3 546 553)	(754 634)	-	-	(4 301 187)	-	-	1 932 752
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	2 826 197	26 988	-	-	2 853 185	(485 763)	(269 948)	-	-	(755 711)	-	-	2 097 474
	44 677 284	4 253 793	-	-	48 931 077	(18 657 246)	(6 194 785)	-	-	(24 852 031)	-	-	24 079 046
Finance Lease Assets													
Office Equipment	907 254	-	-	-	907 254	(803 035)	(104 219)	-	-	(907 254)	-	-	(0)
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
	907 254	-	-	-	907 254	(803 035)	(104 219)	-	-	(907 254)	-	-	(0)
Total	1 693 069 163	4 253 793	-	294 258 418	1 991 581 374	(200 249 174)	(30 015 941)	-	-	(230 265 114)	(1 311 172)	-	1 760 005 088

732

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2014

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	988 478	162 974	-	-	1 151 452	-	-	-	1 151 452
Work of arts	988 478	162 974	-	-	1 151 452	-	-	-	1 151 452
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	988 478	162 974	-	-	1 151 452	-	-	-	1 151 452

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2013

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance				
	R'000	R'000	R'000	R'000	R'000				
Art collection	305 370	-	-	683 108	988 478	-	-	-	988 478
Work of arts	305 370	-	-	683 108	988 478	-	-	-	988 478
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	305 370	-	-	683 108	988 478	-	-	-	988 478

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
for the year ended 30 June 2014

	Cost / Revaluation					Accumulated Depreciation				Transfers	Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R		
Executive & Council	43 946 034			-	43 946 034	(8 896 486)	(1 170 271)	-	(10 066 757)	-	33 879 277
Finance & Admin	46 845 670	6 708 367		(6 552 375)	47 001 662	(24 918 918)	(3 101 018)	5 738 304	(22 281 631)	-	24 720 031
Planning & Development	2 853 185	360 350		(91 383)	3 122 152	(755 711)	(294 153)	86 577	(963 287)		2 158 866
Health					-				-		-
Community & Social Services	14 933 380	-		-	14 933 380	-	(34 940)	-	(34 940)		14 898 440
Public Safety	139 476	14 270			153 746	(84 656)	(16 115)		(100 771)		52 975
Water	1 881 552 458	-	316 378 874	-	2 197 931 333	(195 609 344)	(25 039 804)	-	(220 649 148)		1 977 282 185
Other					-				-		-
Total	1 990 270 202	7 082 987	316 378 874	(6 643 757)	2 307 088 306	(230 265 114)	(29 656 301)	5 824 881	(254 096 534)	-	2 052 991 772

ZULULAND DISTRICT MUNICIPALITY
APPENDIX E
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2014

2013	2013	2013		2014	2014	2014
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
	32 519 298	(32 519 298)	Executive & Council	-	53 149 349.33	(53 149 349)
#REF!	30 609 868	#REF!	Finance & Admin	#REF!	35 258 090.88	#REF!
#REF!	15 789 918	#REF!	Planning & Development	#REF!	16 768 522.10	#REF!
#REF!	95 018 882	#REF!	Community & Social Services	#REF!	88 396 884.19	#REF!
#REF!	281 836 178	#REF!	Water & Sanitation	#REF!	328 304 576.22	#REF!
#REF!	455 774 143	#REF!		#REF!	521 877 423	#REF!



ZULULAND DISTRICT MUNICIPALITY

APPENDIX F

Grants Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2012/2013 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2013/2014 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework - Revenue Act	reason for non-compliance
				July	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
				1	2	3	4		1	2	3	4						
				-														
Bulk Implementation Grant	DWAF			6 869 750.08	6 002 949.69	33 619 431.41	6 589 240	53 081 371	8 225 118.39	14 768 045	30 088 207	-	53 081 371	-0				YES
Equitable Share	National Treasury			115 387 000.00	92 310 000.00	69 233 000.00	-	276 930 000	115 387 000.00	92 310 000	69 233 000	-	276 930 000	-				YES
FMG	National Treasury			1 250 000.00	-	-	-	1 250 000	236 634.81	426 294	587 072	-	1 250 000	-				YES
RURAL TRANSPORT	KZN COGTA	20 870	(20 870)	1 866 000.00	-	-	-	1 866 000	1 866 000	571 806	604 277	-	1 866 000	0				YES
MASSIFICATION PROJECT	KZN COGTA	5 886 715		-	-	-	-	5 886 715	1 241 566.62	1 462 255	662 963	-	5 886 715	0				YES
Indonsa Grant	Art & Culture			819 500.00	819 500.00	-	-	1 639 000	710 100	407 525	407 525	-	1 639 000	-				YES
DWA Operating & Maintenance (Water services operating subsidy)	DWAF			2 446 000.00	3 528 000.00	9 547 000.00	-	15 721 000	3 267 436.24	1 226 549	8 317 142	-	15 721 000	-0				YES
MIG	COGTA			121 432 000.00	103 432 000.00	36 681 000.00	-	261 545 000	104 462 791.00	55 503 797	76 963 989	-	261 545 000	0				YES
MSIG	COGTA			890 000.00	-	-	-	890 000	119 527	225 154	545 319	-	890 000	-				YES
HOUSEHOLD INFRASTRUCTURE GRANT	Nonopoma municipality			-	-	4 500 000.00	-	4 500 000	-	-	-	-	4 500 000	-				YES
Ulundi Tourism Hub	KZN COGTA			-	-	-	-	-	-	-	-	-	-	-				YES
Municipal water infrastructure grant	National Treasury			3 846 000.00	19 994 000.00	13 330 000.00	-	37 170 000	7 465 623	13 069 061	16 635 316	-	37 170 000	-0				YES
Growth Development Summit		345 602		-	-	-	-	345 602	-	-	-	-	-	345 602	-			YES
Expanded Public Works Programme	Dept of Works			1 177 000.00	883 000.00	882 000.00	-	2 942 000	1 031 022.00	1 630 812	280 166	-	2 942 000	-				YES
Ulundi Airport	KZN COGTA	6 236 973		-	-	262 051.71	-	6 499 025	793 754.74	3 455 321	2 066 549	-	6 499 025	0				YES
Shared services Planning		584 862		1 903 519.51	-	-	-	2 488 381	568 903	568 903	568 903	-	2 488 381	212 769				YES
ACIP	DWA	200 000		-	61 084.00	535 573.94	47 778	644 436	383 491.79	-	-	-	644 436	-0				YES
CLLRS Training		200 000		-	-	-	-	200 000	-	-	-	-	200 000	-				YES
TOTALS		13 275 022	(20 870)	258 086 769.59	227 030 534	168 590 057	6 637 016	673 598 530	236 119 074.04	180 239 082	203 074 028	53 607 976	673 040 160	558 370				

ZULULAND DISTRICT MUNICIPALITY

APPENDIX F

Grants Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2011/2012 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2012/2013 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework - Revenue Act	reason for non-compliance	
				July	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June							
				1	2	3	4		1	2	3	4							
				-															
Bulk Implementation Grant	DWAF			30 051 431.84	29 328 490.13	4 666 737.80	-	64 046 659.77	6 511 851.81	22 406 140.53	5 379 369.64	-	29 749 297.79	64 046 659.77	-				YES
Equitable Share	National Treasury			107 856 000.00	86 285 000.00	64 713 000.00	-	258 854 000.00	107 856 000.00	86 285 000.00	64 713 000.00	-	258 854 000.00	-				YES	
FMG	National Treasury			1 250 000.00	-	-	-	1 250 000.00	341 655.00	503 194.00	405 151.00	-	1 250 000.00	-				YES	
RURAL TRANSPORT	KZN COGTA	1 688 000		1 776 000.00	-	-	-	3 464 000.00	284 854.08	1 000 994.10	2 157 281.36	-	3 443 129.54	20 870.46				YES	
MASSIFICATION PROJECT	KZN COGTA			-	5 965 000.00	5 116 000.00	-	11 081 000.00	1 553 345.19	1 638 073.03	527 833.11	-	5 194 284.57	5 886 715.43				YES	
Indonsa Grant	Art & Culture			780 500.00	780 500.00	-	-	1 561 000.00	638 000.00	580 000.00	343 000.00	-	1 561 000.00	-				YES	
DWA Operating & Maintenance	DWAF			1 654 000.00	3 307 000.00	3 307 000.00	-	8 268 000.00	1 900 170.00	490 272.00	2 334 956.20	-	3 542 601.80	8 268 000.00	-				YES
MIG	COGTA			79 391 000.00	118 910 000.00	77 186 000.00	-	275 487 000.00	66 301 319.28	81 582 214.44	78 890 162.64	-	48 713 303.64	275 487 000.00	0.00				YES
MSIG	COGTA			1 000 000.00	-	-	-	1 000 000.00	451 240.50	-	-	-	548 759.50	1 000 000.00	-				YES
Nonopoma Project Consolidate	Nonopoma municipality			-	-	-	-	-	-	-	-	-	-	-				YES	
Ulundi Tourism Hub	KZN COGTA	9 046 655		6 500 000.00	-	-	-	15 546 655.35	2 524 541.83	4 881 947.82	3 941 055.64	-	4 199 110.06	15 546 655.35	-				YES
Spacial Development Planning	KZN COGTA			-	-	-	-	-	-	-	-	-	-	-				YES	
Growth Development Summit				400 000.00	-	-	-	400 000.00	-	-	8 456.36	-	45 942.00	54 398.36	345 601.64				YES
Expanded Public Works Programme	Dept of Works			1 000 000.00	-	4 207 000.00	-	5 207 000.00	449 341.00	735 468.00	3 248 284.10	-	5 207 000.00	-				YES	
Ulundi Airport	KZN COGTA			2 375 937.11	3 370 630.33	9 199 564.49	334 463.49	15 280 595.42	2 875 023.70	1 932 802.19	3 101 449.53	-	9 043 622.21	6 236 973.21				YES	
Shared services Planning				950 000.00	-	-	-	950 000.00	91 284.52	91 284.52	91 284.52	-	365 138.08	584 861.92				YES	
ACIP	DWA			465 285.86	296 337.14	362 310.74	215 704.50	1 339 638.24	491 725.91	491 725.91	491 725.91	-	1 339 638.24	-				YES	
CLLRS Training				-	-	-	-	200 000.00	-	-	-	-	200 000.00	-				YES	
TOTALS		10 734 655		205 398 727.97	248 965 899.31	193 619 365.36	5 216 905.79	663 935 548.78	191 042 532.33	201 862 491.11	162 002 345.55	95 753 157.13	650 660 526.12	13 275 022.66					

Zululand District Municipality										
Appendix G										
Statement of comparative and actual information										
Both the Annual Budget and Financial Statements Adopt Acrual basis										
2013/2014										
Description	Original Budget	Budget Adjustments	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Comments on variances
	1	2	3	4	5	6	7	8	9	
Financial Perfomance										
Service Charges	34 574 042.03			34 574 042.03	#REF!		#REF!	#REF!	#REF!	Under-billing of water revenue due to water restrictions and some consumers prefer free
				-			-			
Transfers recognised - operational	292 472 000.00	7 164 000.00		299 636 000.00	#REF!		#REF!	#REF!	#REF!	The actual revenue include capital transfers
Other own revenue	153 778 378.30	7 950 000.00		161 728 378.30	#REF!		#REF!	#REF!	#REF!	of accumulated reserves used to finance the budget
				-			-			
Total Revenue	480 824 420.33	15 114 000.00	-	495 938 420.33	#REF!	-	#REF!	#REF!	#REF!	
Employee costs	129 968 454.80			129 968 454.80	#REF!		#REF!	#REF!	#REF!	savings in salaries
Remuneration of councillors	6 272 355.97			6 272 355.97	6 191 360.81		80 995.16	98.71	98.71	savings in allowances
Bad Debts	3 403 710.58			3 403 710.58	#REF!		#REF!	#REF!	#REF!	Based on actual debt impairment
Depreciation	35 280 259.30			35 280 259.30	#REF!		#REF!	#REF!	#REF!	Based on prior year actual depreciation. Assets purchased at different intervals during the year.
Repairs and Maintenance	51 921 262.12			51 921 262.12	#REF!		#REF!	#REF!	#REF!	Savings achieved
Finance charges	10 902.37			10 902.37	#REF!		#REF!	#REF!	#REF!	Liabilities paid during the year
Materials and Bulk Purchases	75 574 609.60			75 574 609.60	#REF!		#REF!	#REF!	#REF!	bulk water purchases is fully spent as a results of refurbishment works conducted at the plants.
Transfers of grants	1 939 239.32			1 939 239.32	#REF!		#REF!	#REF!	#REF!	Funded organisations could not prove prior year expenditure

Other expenditure	148 056 224.20	81 121 799.00		229 178 023.20	#REF!		#REF!	#REF!	#REF!	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial
				-			-			
Total Expenditure	452 427 018.26	81 121 799.00	-	533 548 817.26	#REF!	-	#REF!	#REF!	#REF!	
							-			
Surplus / (Deficit)	28 397 402.07	(66 007 799.00)	-	(37 610 396.93)	#REF!		#REF!			
							-			
Transfers Recognised- capital	359 031 000.00	(22 538 851.00)		336 492 149.00	#REF!		#REF!	#REF!	#REF!	
Contributions Recognised				-			-			
				-			-			
Surplus/Deficit after capital transfe	387 428 402.07	(88 546 650.00)	-	298 881 752.07	#REF!	-	#REF!	#REF!		
Capital Expenditure	387 428 402.07	(22 538 851.00)		364 889 551.07	364 889 551.07		(0.00)	100.00	-	Fully spent
				-			-			
Transfers recognised- capital	359 031 000.00	(22 538 851.00)		336 492 149.00	336 492 149.00		-	100.00	93.72	
Public contributions				-			-			
Borrowings				-	-		-			
Internally Generated funds	28 397 401.48	(14 890 000.00)		13 507 401.48	7 021 761.00		6 485 640.48	51.98		not qualifying to be assets
				-						
Total Sources of capital funds	387 428 401.48	(37 428 851.00)	-	349 999 550.48	343 513 910.00	-	6 485 640.48			