

BLUE CRANE ROUTE MUNICIPALITY(EC102)



AUDITED

**Annual Financial Statements for the
year ended 30 June 2015**

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
The following is included in the scope of operation	Service Delivery
Council members	
Mayor	NM Scott
Councillors	BA Manxoweni KC Brown CFB Du Preez WH Greeff M Nontyi NG Mjikelo Z Funiselo NP Yantolo MK Mali RM Bradfield
Accounting Officer	Thabiso Klaas
Chief Finance Officer (CFO)	GJ Goliath
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General
Bankers	ABSA
Attorneys	Nolte Smit Attorneys

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

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

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Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

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Accounting Officer's Responsibilities and Approval

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

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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


The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on pages 4 to 68, which have been prepared on the going concern basis, were approved by the accounting officer on 27 November 2015 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (Act 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.


Thabiso Klaas
Accounting Officer
27 November 2015

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF FINANCIAL POSITION

	Notes	2015 R	2014 R (Restated)
ASSETS			
Current assets			
Other financial assets	4	2 943	2 800
Inventories	6	1 136 730	901 385
Other receivables from exchange transactions	7	3 057 073	2 499 500
Other receivables from non-exchange transactions	8	4 386 473	7 477 864
Trade receivables from exchange transactions	9	17 788 017	14 928 258
Cash and cash equivalents	10	11 118 836	18 505 878
		<u>37 490 072</u>	<u>44 315 685</u>
Non-current assets			
Investment property carried at fair value	11	51 451 360	47 089 256
Property, plant and equipment	12	613 387 824	608 114 084
Intangible assets	13	11 620	16 311
Heritage assets	14	458 067	458 067
Other financial assets	4	12 749	15 693
		<u>665 321 620</u>	<u>655 693 411</u>
Total assets		<u>702 811 692</u>	<u>700 009 096</u>
LIABILITIES			
Current liabilities			
Employee benefit obligation	15	508 224	478 248
Other financial liabilities	16	2 716 448	729 894
Finance lease obligation	17	1 066 331	231 755
Unspent conditional grants and receipts	18	1 210 503	1 507 233
Provisions	19	3 032 434	
Payables from exchange transactions	20	20 063 815	23 386 744
Trade and other payables from non-exchange	21	142 547	321 449
VAT payable	22	1 791 569	1 344 277
Consumer deposits	23	2 238 006	1 996 881
		<u>32 769 877</u>	<u>29 996 481</u>
Non-current liabilities			
Employee benefit obligation	15	19 053 346	15 756 288
Other financial liabilities	16	11 526 565	1 157 355
Finance lease obligation	17	3 421 279	670 552
Provisions	19	4 920 560	7 255 058
		<u>38 921 750</u>	<u>24 839 253</u>
Total liabilities		<u>71 691 627</u>	<u>54 835 734</u>
Net assets		<u>631 120 065</u>	<u>645 173 362</u>
Accumulated surplus		<u>631 120 065</u>	<u>645 173 362</u>



Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2015 R	2014 R (Restated)
Revenue			
Property rates	26	9 054 976	8 495 507
Service charges	27	90 560 480	81 194 091
Rental of facilities and equipment	25	45 405	43 023
Interest received (trading)	25	3 185 589	2 420 796
Interest received	28	819 974	1 701 070
Income from agency services	25	600 079	654 549
Fines	25	39 788	43 514
Licences and permits	25	802 412	766 508
Government grants and subsidies	29	72 544 675	84 096 293
Fees earned	25	439 202	369 090
General	25	608 812	566 522
Private Work	25	183 147	77 800
Gains on disposal of assets	25	91 945	4 288 607
Gain on investment properties fair valuation	11	4 362 104	
Other income	30	1 970 990	1 128 480
Total revenue		185 309 578	185 845 850
Expenditure			
Employee related costs	31	61 456 675	54 128 283
Remuneration of councillors	32	3 149 339	3 046 510
Debt Impairment	33	7 664 287	4 133 249
Collection costs		11 417	4 955
Depreciation and asset impairments	12/13	33 231 140	31 584 177
Repairs and maintenance		3 335 667	2 873 049
Finance costs	34	2 478 739	1 794 270
Bulk purchases	35	57 563 340	53 650 958
General expenses	36	26 797 099	30 041 710
Loss on disposal of assets			
Total expenditure		195 687 703	181 257 161
Actuarial (Loss) /gain	15	(1 596 163)	(1 188 743)
Surplus / (deficit) for the year		(11 974 288)	3 399 946

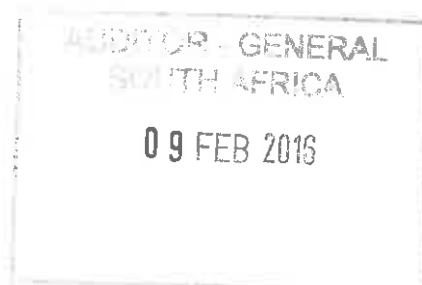
AUDITOR - GENERAL
SOUTH AFRICA
09 FEB 2016

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	Total: Net Assets
Opening balance as previously reported (2013)		680 702 896	680 702 896
Adjustments:			
Prior period adjustments (2013 and earlier)	42	(38 929 480)	(38 929 480)
Balance at 1 July 2013 as restated		641 773 416	641 773 416
Changes in net assets			
Surplus for the year		3 399 946	3 399 946
Balance at 30 June 2014 as restated		645 173 362	645 173 362
Opening balance as previously reported (2014)		686 755 524	686 755 524
Adjustments:			
Prior period adjustments (2014 and earlier)	42	(41 582 162)	(41 582 162)
Balance at 1 July 2014 as restated		645 173 362	645 173 362
Changes in net assets			
Transfer of assets and liabilities from Dev Agency		(2 079 009)	(2 079 009)
Surplus for the year		(11 974 288)	(11 974 288)
Balance at 30 June 2015		631 120 065	631 120 065

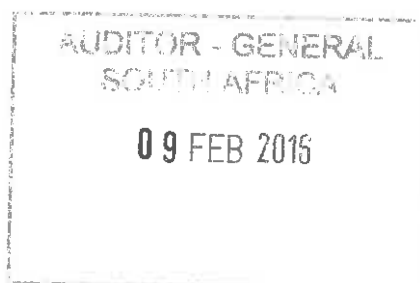


Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

CASH FLOW STATEMENT

	Notes	2015 R	2014 R (Restated)
Cash flows from operating activities			
Receipts			
Sales of goods and services		91 744 424	76 107 777
Grants		69 176 683	78 922 901
Interest received		786 883	1 701 070
Other receipts		8 416 185	5 946 899
		<u>170 124 175</u>	<u>162 678 647</u>
Payments			
Employee costs		(60 175 246)	(53 009 133)
Remuneration of councillors		(3 149 339)	(3 046 510)
Suppliers		(32 814 429)	(22 587 761)
Bulk purchases		(57 563 340)	(53 650 958)
Interest paid		(255 818)	(237 063)
Other payments		(2 335 664)	(2 841 915)
		<u>(156 293 836)</u>	<u>(135 373 340)</u>
Net cash flows from operating activities	38	<u>13 830 339</u>	<u>27 305 307</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(33 347 290)	(38 632 228)
Proceeds on disposal of assets and liabilities		99 600	4 322 896
Proceeds from Other financial assets	4	2 800	2 664
Net cash flows from investing activities		<u>(33 244 890)</u>	<u>(34 306 668)</u>
Cash flows from financing activities			
Proceeds from borrowings		13 000 000	
Repayment of other financial liabilities		(644 236)	(656 527)
Finance lease payments		(331 407)	(321 340)
Net cash flows from financing activities		<u>12 024 357</u>	<u>(977 867)</u>
Net increase / (decrease) in net cash and cash equivalents		(7 390 194)	(7 979 228)
Cash Balance transferred from Dev Agency		3 152	
Net cash and cash equivalents at beginning of period		<u>18 505 878</u>	<u>26 485 106</u>
Net cash and cash equivalents at end of period	10	<u>11 118 836</u>	<u>18 505 878</u>



Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position						
Total current assets		29 602 680	2 154 558	31 757 238	37 490 072	(5 732 834)
Total non-current assets		416 154 492	300 283 856	716 438 348	665 321 620	51 116 728
Total current liabilities		(31 800 000)	10 176 065	(21 623 935)	(32 769 877)	11 145 942
Total non-current liabilities		(40 373 489)	(19 276 511)	(59 650 000)	(38 921 750)	(20 728 250)
Net Assets		373 583 683	293 337 968	666 921 651	631 120 065	35 801 586

Statement of Financial Performance

Revenue						
Property rates	49	9 080 300	(2 500)	9 077 800	9 055 603	22 197
Service charges	49	106 447 180	(3 040 580)	103 406 600	105 053 548	(1 646 948)
Interest earned - external investments	49	1 478 400	(277 600)	1 200 800	819 974	380 826
Interest earned - outstanding debtors		2 423 000	145 540	2 568 540	3 185 589	(617 049)
Rental of facilities and equipment		54 480		54 480	45 405	9 075
Fines		95 040	(15 040)	80 000	39 788	40 212
Licences and permits		612 750	242 550	855 300	802 412	52 888
Agency services		668 450		668 450	600 079	68 371
Transfers recognised		68 207 650	3 294 820	71 502 470	72 544 675	(1 042 205)
Gains on disposal of PPE		100 000		100 000	91 945	8 055
Other own revenue	49	2 548 640	1 344 810	3 893 450	7 566 386	(3 672 936)
Total Revenue		191 715 870	1 692 020	193 407 890	199 805 404	(6 397 514)

Expenditure						
Employee costs	49	60 434 920	83 970	60 518 890	60 745 103	(226 213)
Remuneration of councillors	49	3 215 120	723 060	3 938 180	3 860 911	77 269
Debt impairment		6 269 820	(169 820)	6 100 000	7 664 287	(1 564 287)
Depreciation & asset impairment		21 624 000	15 150 200	36 774 200	33 231 140	3 543 060
Finance charges		1 281 400	2 128 290	3 409 690	2 478 739	930 951
Bulk Purchases/Other Materials		59 919 900	(4 223 760)	55 696 140	57 563 340	(1 867 200)
Transfers and Grants	49	2 710 930	1 505 940	4 216 870	3 134 886	1 081 984
Other expenditure	49	42 754 130	(166 340)	42 587 790	43 101 286	(513 496)
Total expenditure		198 210 220	15 031 540	213 241 760	211 779 692	1 462 068
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement		(6 494 350)	(13 339 520)	(19 833 870)	(11 974 288)	(7 859 582)

Refer to note 51 for explanations for material variances between final budget and actual amounts as well as the final budget and the original budget

GENERAL
OFFICE
09 FEB 2016

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Cash Flow Statement						
Cash flows from operating activities						
<u>Receipts</u>						
Ratepayers and other		115 660 200	(18 660 200)	97 000 000	99 919 484	(2 919 484)
Government - operating		50 061 200	716 810	50 778 010	49 635 769	1 142 241
Government - capital		18 146 450	1 000 000	19 146 450	19 540 914	(394 464)
Interest		1 478 400	(277 400)	1 201 000	786 883	414 117
<u>Payments</u>						
Suppliers and employees		(164 257 470)	19 257 470	(145 000 000)	(152 903 132)	7 903 132
Finance charges		(381 400)	(222 600)	(604 000)	(255 818)	(348 182)
Transfers and Grants		-	(4 217 000)	(4 217 000)	(3 134 886)	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		20 707 380	(2 402 920)	18 304 460	13 589 214	5 797 360
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Receipts</u>						
Proceeds on disposal of PPE		100 000	-	100 000	99 600	400
Decrease (Increase) in non-current debtors		3 000	-	3 000	2 800	200
<u>Payments</u>						
Capital assets		(39 411 450)	(1 274 360)	(40 685 810)	(33 347 290)	(7 338 520)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(39 308 450)	(1 274 360)	(40 582 810)	(33 244 890)	(7 337 920)
CASH FLOWS FROM FINANCING ACTIVITIES						
<u>Receipts</u>						
Short term loans		13 000 000	(13 000 000)	-	-	-
Borrowing long term/refinancing		4 000 000	13 000 000	17 000 000	13 000 000	4,000,000
Increase (decrease) in consumer deposits		-	100 000	100 000	241 125	(142,125)
<u>Payments</u>						
Repayment of borrowing		(750 000)	-	(750 000)	(975 643)	225,643
NET CASH FROM/(USED) FINANCING ACTIVITIES		16 250 000	100 000	16 350 000	12 265 482	4,084,518
NET INCREASE/ (DECREASE) IN CASH HELD		(2 351 070)	(3 577 280)	(5 928 350)	(7 390 194)	2,543,958
Cash Balance transferred from Dev Agency		-	-	-	3 152	-
Cash/cash equivalents at the year begin:		16 500 000	2 005 878	18 505 878	18 505 878	-
Cash/cash equivalents at the year end:		14 148 930	(1 571 402)	12 577 528	11 118 836	2,543,958

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Annual Financial Statements for the year ended 30 June 2015

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

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

1.2. Going concern

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

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2014/07/01 to 2015/06/30.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, 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.

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Annual Financial Statements for the year ended 30 June 2015

ACCOUNTING POLICIES

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

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5. Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

ACCOUNTING POLICIES

outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Blue Crane Route Municipality

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ACCOUNTING POLICIES

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7. Property, plant and equipment

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 period.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

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

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

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

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

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

ACCOUNTING POLICIES

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

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

Item	Average useful life
Land (PPE)	Indefinite
Buildings	60 years
Plant	5 – 15 years
Furniture and fixtures	5 – 15 years
Motor vehicles	5 – 20 years
Office equipment	3 – 10 years
Other equipment	3 – 10 years
Infrastructure	5 – 80 years

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 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.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

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.

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.

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1.8. Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) 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 benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, 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. The cost of self-constructed investment property is the cost at date of completion.

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 municipality 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.

Subsequent measurement

Fair Value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Impairments

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 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

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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.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position 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.

An internally generated intangible asset is 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 entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

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

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

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Amortisation and impairment

Amortisation is charged to write off the cost 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 years
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Impairments

The entity 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 performed 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.

Derecognition

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

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.10. Investments in controlled entities

Investments in controlled entities are carried at NIL value on the face of the Statement of Financial Position. The value of the investment is deemed to be the accumulated surplus of the controlled entity and is reflected in the notes to the annual financial statements.

1.11. Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

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.

Initial measurement

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) **Financial instruments at fair value:**

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

b) **Financial instruments at amortised cost:**

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) **Financial instruments at cost:**

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

Gains and losses

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

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

Impairments

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

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar

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credit risk characteristics and collectively assesses them for impairment.

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

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

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

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

Financial liabilities

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

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

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

Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently 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.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments 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 and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Other financial assets

These include loans receivable and initially measured at fair value plus transaction costs that are directly

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attributable to the acquisition and subsequently measured at amortised cost.

1.12. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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

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

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

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

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

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

Income for leases is disclosed under revenue in the statement of financial performance.

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Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

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

1.13. Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required 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.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired 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.

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), 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.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

Derecognition

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

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

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

Identification

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

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

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

Value in use

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

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

Discount rate

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

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

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

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

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

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

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

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

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Reversal of impairment loss

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

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

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

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

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

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

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

1.15. Employee benefits

Short-term employee benefits

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

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Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post-retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

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1.16. Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

Measurement

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

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1.18. Revenue from non-exchange transactions

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

Recognition

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 and once all the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Blue Crane Route Municipality

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ACCOUNTING POLICIES

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.19. Borrowing costs

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

1.20. Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with this Act;

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

1.21. Fruitless and wasteful expenditure

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

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

Blue Crane Route Municipality

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ACCOUNTING POLICIES

1.22. Irregular expenditure

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

1.23. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

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

1.24. Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.25. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

Blue Crane Route Municipality

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ACCOUNTING POLICIES

2. Post-reporting date events

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

3. New standards and Interpretations

3.1 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard / Interpretation	Effective date: Years beginning on or after
None	

3.2 Standards and Interpretations issued, but not yet effective

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

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	No effective date	No significant effect
• GRAP 20: Related Parties	No effective date	No significant effect
• GRAP 32: Service concession arrangements: Grantor	No effective date	No significant effect
• GRAP 105: Transfers of functions between entities under common control	No effective date	No significant effect
• GRAP 106: Transfers of functions Between entities not under common control	No effective date	No significant effect
• GRAP 107: Mergers	No effective date	No significant effect
• GRAP 108: Statutory Receivables	No effective date	No significant effect
• IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset	No effective date	No significant effect

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting – It is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 20: Related Parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

GRAP 32: Service concession arrangements: Grantor – No significant impact is expected as no such transaction or events are expected in the foreseeable future.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

ACCOUNTING POLICIES

GRAP 105: Transfers of functions between entities under common control – No significant impact is expected as no such transaction or events are expected in the foreseeable future.

GRAP 106: Transfers of functions between entities not under common control – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 107: Mergers - No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 108: Statutory Receivables – No significant impact is expected as the information is to a large extent already included in the financial statements.

IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans	<u>15 692</u>	<u>18 493</u>
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured		
Opening Balance	18 493	21 157
Interest accrued	881	997
Payments	<u>(3 662)</u>	<u>(3 661)</u>
Closing Balance	<u>15 692</u>	<u>18 493</u>
Non-current assets		
Amortised cost	12 749	15 693
Current assets		
Amortised cost	<u>2 943</u>	<u>2 800</u>
	<u>15 692</u>	<u>18 493</u>

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2015 and 2014, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2015 - Rnil (2014 Rnil) were past due but not impaired.

5 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2015

	Financial assets at amortised cost	Total
Other financial assets	15 692	15 692
Other receivables from exchange transactions	3 057 073	3 057 073
Other receivables from non-exchange transactions	4 386 473	4 386 473
Cash and cash equivalents	11 118 836	11 118 836
Trade receivables from exchange transactions	17 788 017	17 788 017
	<u>36 366 091</u>	<u>36 366 091</u>

2014

	Financial assets at amortised cost	Total
Other financial assets	18 493	18 493
Other receivables from exchange transactions	2 499 500	2 499 500
Other receivables from non-exchange transactions	7 477 864	7 477 864
Cash and cash equivalents	18 505 878	18 505 878
Trade receivables from exchange transactions	14 928 258	14 928 258
	<u>43 429 993</u>	<u>43 429 993</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
6 Inventories		
Housing in process	55 080	
Consumable stores/transformers	896 224	756 458
Water	185 426	144 927
	<u>1 136 730</u>	<u>901 385</u>
<p>Stores issued amounted to R 1 481 663 and R 1 156 748 (2014). No Inventory write downs were required for the year. No Inventory were pledged as security. No amount included in inventory is carried at current replacement cost or NRV.</p>		
7 Other receivables from exchange transactions		
Deposits	657 635	624 544
Other receivables	29 933	49 833
Finance Lease refund from: ABSA Bank	1 736 000	
Prepayments	633 505	1 825 023
	<u>3 057 073</u>	<u>2 499 500</u>
<p>The ageing of other receivables from exchange transactions is as follows:</p>		
Current (0-30days)	1 736 000	1 282 464
31-60 days		
61-90 days	633 505	532 559
91-120 days		30 786
> 121 days	687 568	643 691
	<u>3 057 073</u>	<u>2 499 500</u>

Other receivables pledged as security

Other receivables were not pledged as security.
 Other receivables is a financial assets at amortised cost.

Credit quality of other receivables from exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.
 Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
8 Other receivables from non-exchange transactions		
Government grants and subsidies (Note 18)	158 842	158 842
Property rates	4 070 794	6 882 550
Other receivables	156 837	436 472
	<u>4 386 473</u>	<u>7 477 864</u>
Property rates		
Property rates	6 059 934	8 844 687
Provision for bad debts: Property rates	(1 989 140)	(1 962 137)
	<u>4 070 794</u>	<u>6 882 550</u>
Property rates age analysis		
Current (0-30days)	260 883	233 327
31-60 days	35 523	38 149
61-90 days	30 203	36 440
91-120 days	31 552	27 181
> 121 days	5 701 773	8 509 590
	<u>6 069 934</u>	<u>8 844 687</u>
Credit quality of receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
Allowance for Impairment: Property rates		
Impairment balance prior year	(1 962 137)	(6 321 204)
Reversal/(contribution) of provision	(31 329)	4 294 912
Debt impairment written off against provision	4 326	64 155
	<u>(1 989 140)</u>	<u>(1 962 137)</u>
Other receivables		
Other receivables		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts	(231 831)	(231 831)
Insurance claims	17 121	242 343
SARS refund - penalty charges		34 894
Employee recoverable expenses	30 605	31 104
Eskom penalties refund		19 620
Makro (Dev Agency)	600	
SARS UIF paid for Councillors	108 511	108 511
	<u>166 837</u>	<u>436 472</u>
Prior period adjustment		
Balance previously reported		14 375 407
2014: Government Grants - ACIP Grant funding - Invoice reversed for Bulk Sewerage project		(175 913)
2014: Government Grants - Credit Note given on ACIP Grant sewerage project		(59 354)
2014: Property Rates - Correction of valuation - Farm 410		(504)
2014: Eskom penalties refund on late payment		19 620
2014: Government Grants - Reverse overspent MIG Grant - not meeting the recognition criteria		(6 674 216)
Earlier than 2014: Property Rates - Correction of valuation from years 2008 - 2013 (Farm 410)		(7 176)
		<u>7 477 864</u>
As at 30 June 2015, other receivables from non-exchange transactions of R4 326 (2014: R64 155) were impaired and provided for. The amount of the provision was R 1 989 140 as at 30 June 2015 (2014: R 1 962 137). Other receivables from non-exchange transactions is a financial assets at amortised cost. Other receivables from non-exchange transactions were not pledged as security.		
Other receivables from non-exchange transactions past due but not impaired		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	37 762	38 149
2 months past due	29 706	34 823
3 months past due	31 221	26 253
Older than 3 months	3 711 222	6 549 998
	<u>3 809 911</u>	<u>6 649 223</u>
Other receivables from non-exchange transactions past due but not impaired		
Older than 4 months	156 836	191 630
	<u>156 836</u>	<u>191 630</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
9 Trade receivables from exchange transactions		
Gross balances		
Electricity	12 738 964	12 108 787
Water	10 908 979	9 838 640
Sanitation	1 565 020	1 440 023
Sewerage	4 859 456	4 570 197
Refuse	8 545 751	7 908 125
Other	1 021 393	878 611
	39 639 563	36 742 383
Trade receivables pledged as security		
Trade receivables were not pledged as security.		
Trade receivables is a financial assets at amortised cost.		
Prior period adjustment		
Balance previously reported		38 227 887
2014: Water - Incorrect water readings taken in July 2013		(5 910)
2014: Electricity readings not taken for 6 months		1 471
2014: Year end water and electricity consumption adjustment in calculation		(109 062)
2014: Pre-paid electricity received in July 2014 for June 2014 from Service provider		159 531
Earlier than 2014: Year end water and electricity consumption adjustment to calculation		(1 531 514)
		36 742 383
Less: Allowance for Impairment		
Electricity	(1 948 170)	(3 162 456)
Water	(7 876 291)	(7 144 004)
Sanitation	(1 301 844)	(1 281 810)
Sewerage	(3 541 881)	(3 392 417)
Refuse	(6 469 268)	(6 174 187)
Other	(714 092)	(658 251)
	(21 851 546)	(21 814 125)
Net balance		
Electricity	10 790 794	8 946 331
Water	3 032 688	2 694 636
Sanitation	263 176	158 213
Sewerage	1 317 575	1 177 780
Refuse	2 076 483	1 733 938
Other	307 301	217 360
	17 788 017	14 928 268
Electricity		
Current (0 -30 days)	5 949 519	5 808 989
31 - 60 days	1 104 929	1 026 230
61 - 90 days	704 823	612 191
91 - 120 days	552 529	442 819
>121 days	4 427 164	4 218 558
	12 738 964	12 108 787
Water		
Current (0 -30 days)	939 017	1 030 986
31 - 60 days	327 306	280 148
61 - 90 days	267 246	238 424
91 - 120 days	246 996	233 485
>121 days	9 108 414	8 055 597
	10 908 979	9 838 640
Sanitation		
Current (0 -30 days)	26 399	30 291
31 - 60 days	15 639	14 776
61 - 90 days	15 457	14 535
91 - 120 days	15 352	14 656
>121 days	1 492 173	1 365 765
	1 565 020	1 440 023

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	305 496	365 307
31 - 60 days	155 129	144 403
61 - 90 days	148 126	124 475
91 - 120 days	118 721	106 143
>121 days	4 131 984	3 829 869
	4 859 456	4 570 197
Refuse		
Current (0 -30 days)	446 030	496 691
31 - 60 days	221 115	190 663
61 - 90 days	200 870	176 229
91 - 120 days	190 792	166 779
>121 days	7 486 944	6 877 763
	8 646 761	7 908 126
Other		
Current (0 -30 days)	60 285	34 968
31 - 60 days	30 259	19 607
61 - 90 days	68 072	18 764
91 - 120 days	10 095	19 746
>121 days	852 682	783 526
	1 021 393	876 611
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	7 726 746	7 767 232
31 - 60 days	1 854 377	1 675 827
61 - 90 days	1 424 594	1 184 618
91 - 120 days	1 134 485	983 628
>121 days	27 499 361	25 131 078
	39 639 563	36 742 383
Less: Allowance for impairment	(21 851 546)	(21 814 125)
	17 788 017	14 928 258
Reconciliation of debt impairment provision		
Balance at beginning of the year	(21 814 125)	(18 366 604)
Contributions to provision	(4 216 424)	(6 150 569)
Receipts for receivables already written off	(16 692)	
Debt impairment written off against provision	4 195 695	2 703 048
	(21 851 546)	(21 814 125)
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	17 788 017	14 928 258
The fair value has been determined by using the face value of the outstanding capital.		
Trade receivables impaired		
As at 30 June 2015, consumer debtors of R4 195 695 (2014: R 2 703 048) were impaired and provided for. The amount of the provision was R21 851 546 as at 30 June 2015 (2014: R 21 814 125).		
Trade receivables from exchange transactions past due but not impaired		
The ageing of amounts for exchange transactions past due but not impaired is as follows:		
1 month past due	1 802 101	1 675 827
2 months past due	1 183 720	1 184 618
3 months past due	969 338	983 628
Older than 3 months	6 215 458	3 316 953
	10 170 617	7 161 026
Credit quality of receivables from exchange transactions		
The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
10 Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 690	1 690
Bank balances	885 736	3 691 882
Short-term deposits	10 231 410	14 812 306
	<u>11 118 836</u>	<u>18 605 878</u>

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 757	7 757	7 756
ABSA Bank - Fixed deposit - 2055844786	-	23 967	22 856	-	24 535	23 371
ABSA Bank - Call account - 9067623600	10 124 481	4 632 620	4 866 768	10 143 224	4 648 802	4 883 207
Nedbank - Money market - 1263036023	5 123	5 800	6 082	5 123	5 800	6 082
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1283034766	70 706	68 648	66 950	70 706	68 648	66 950
Nedbank - Fixed deposit - 37881100877	-	10 000 000	10 000 000	-	10 052 164	10 035 973
ABSA - Cheque account - 2200000008	476 471	3 383 054	1 783 473	627 873	3 528 421	2 069 350
ABSA - Cheque account - 4064779134	-	162 925	41 847	-	163 461	49 745
FNB - Cheque account - 62541421046	254 711			254 711		
ABSA - Cheque account - 4061722786	(4 541)			3 152		
Investec - Fixed deposit - 50005649159			9 336 382	-		9 336 382
Total	<u>10 939 051</u>	<u>18 289 114</u>	<u>26 136 458</u>	<u>11 117 146</u>	<u>18 504 188</u>	<u>26 483 416</u>

The municipality has a guarantee at ABSA bank to the value of R7 500 relating to the personal bonds of one municipal employee.

The municipality has Vehicle management system facilities at ABSA bank to the value of R314 000 and Vehicle and assets Finance facilities of R4000 000.

The municipality has Term loan facilities at ABSA bank to the value of R14 557 000

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2015
R
2014
R
(Restated)

11 Investment property

	<u>2015</u>		<u>2014</u>	
	Cost/ Valuation	Carrying Value	Cost/ Valuation	Carrying Value
	R	R	R	R
Investment property	51 451 360	51 451 360	47 089 256	47 089 256
Prior period adjustment				
Balance previous reported				31 205 200
2014: Reverse Fairvalue adjustment of properties				(1 288 710)
Earlier than 2014: Adjust Fair value of Investment properties with new values and new even as registered in name of Municipality				17 172 766
				<u>47 089 256</u>

Reconciliation of Investment property - 2015

	Opening balance	Additions	FV Adjustments	Total
	R	R	R	R
Investment properties: Land	29 459 418		4 362 104	33 821 522
Buildings	17 629 838			17 629 838
	<u>47 089 256</u>	<u>0</u>	<u>4 362 104</u>	<u>51 451 360</u>

Reconciliation of Investment property - 2014

	Opening balance	Additions	FV Adjustments	Total
	R	R	R	R
Investment property: Land	29 459 418			29 459 418
Buildings	17 629 838			17 629 838
	<u>47 089 256</u>	<u>0</u>	<u>0</u>	<u>47 089 256</u>

Rental revenue from Investment property: R124 033 (2014: R109 197)

Direct operating expenses arising from investment property that generated rental revenue: Rnil (2014: Rnil)

Pledged as security

No investment property have been pledged as security for loans

Details of valuation

The effective date of the revaluation was at 30 June 2015. Valuations were performed by an independent valuer from, Mr Daniel Grobler under the supervision of Ducharme Consulting CC. The independent valuer is not related to the Municipality and has recent experience in the location and category of the investment property that have been valued.

The valuation was based on open market value for existing use.

Investment property is split between land and improvements R33 821 522 and R17 629 838 (2014: R29 459 418 and R17 629 838) respectively.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015			2014		
	R			R		
				(Restated)		
12 Property, plant and equipment						
	Cost/ Valuation	2015 Accumulated depreciation/ Impairment	Carrying Value	Cost/ Valuation	2014 Accumulated depreciation/ Impairment	Carrying Value
	R	R	R	R	R	R
Land	18 285 895		18 285 895	18 285 895		18 285 895
Buildings	141 416 259	(71 791 177)	69 625 082	127 390 470	(68 643 683)	58 746 787
Plant and equipment	1 404 552	(681 067)	723 485	1 187 764	(523 770)	673 994
Furniture and fixtures	4 274 887	(2 178 099)	2 096 788	4 088 216	(1 752 509)	2 335 707
Motor vehicles	16 262 943	(2 770 030)	13 492 913	11 562 627	(2 328 396)	9 234 231
Office equipment	6 157 277	(3 585 637)	2 571 640	5 683 376	(2 568 452)	3 114 924
Infrastructure	894 163 794	(418 329 461)	475 834 333	864 989 521	(391 660 876)	473 308 645
WIP	28 629 412	-	28 629 412	37 040 578	-	37 040 578
Landfill sites	6 618 370	(2 490 094)	4 128 276	6 618 370	(1 245 047)	5 373 323
Total	1 115 213 389	(501 825 565)	613 387 824	1 076 836 817	(468 722 733)	608 114 084
Prior period adjustment						
Balance previously reported						677 289 926
2014: Infrastructure - Reversal of invoice and credit note on Bulk Sewerage project						(213 664)
2014: Recalculation of Fintech Finance Lease cost of asset						(54 743)
2014: Reverse addition to landfill site as re-calculated by valuer						(268 777)
2014: Adjust depreciation charges according to new values of all PPE assets						3 777 466
2014: Adjust disposals as calculated on new assets values and findings on PPE						684 050
Earlier than 2014: Adjust landfill site valuation as re-calculated on all 3 sites by Valuer						(3 927 153)
Earlier than 2014: Re-value of land and re-allocation of land between investment properties and PPE						14 259 995
Earlier than 2014: Re-value of Buildings and re-allocation between investment properties and PPE						39 204 959
Earlier than 2014: Re-calculation of WIP according to completed projects register						6 027 735
Earlier than 2014: Re-calculation on all other assets as per fiscal inspections and valuations						4 786 642
Earlier than 2014: Re-calculation of all Infrastructure values as per fiscal inspections and valuations according to actual costs						(133 454 352)
						608 114 084

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	18 285 895						18 285 895
Buildings	58 746 787	6 472 652		7 553 137	(3 147 494)		69 625 082
Plant	673 994	206 788			(157 297)		723 485
Furniture and fixtures	2 335 707	186 671			(422 440)	(3 150)	2 096 788
Motor vehicles	9 234 231	4 831 587	(7 655)		(565 250)		13 492 913
Office equipment	3 114 924	473 901			(960 507)	(56 678)	2 571 640
Infrastructure	473 308 645	7 678 693		21 515 581	(26 688 586)		475 834 333
WIP	37 040 578	18 657 552		(29 068 718)			26 629 412
Landfill sites	5 373 323				(1 245 047)		4 128 276
Total	608 114 084	38 507 844	(7 655)	-	(33 166 621)	(59 828)	613 387 824

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	18 285 895						18 285 895
Buildings	57 756 386	358 730		3 457 231	(2 825 560)		58 746 787
Plant and equipment	611 226	181 916			(119 148)		673 994
Furniture and fixtures	2 472 898	251 601			(388 792)		2 335 707
Motor vehicles	9 284 756	625 693	(34 289)		(621 929)		9 234 231
Office equipment	2 490 340	1 260 228			(635 644)		3 114 924
Infrastructure	477 562 305	9 913 269		11 578 674	(25 745 603)		473 308 645
WIP	25 233 059	26 843 424		(15 035 905)			37 040 578
Landfill sites	6 618 370				(1 245 047)		5 373 323
Total	600 295 235	39 434 861	(34 289)	-	(31 581 723)	-	608 114 084

	2015	2014
Assets subject to finance lease (Net carrying amount)		
Vehicles	3 926 137	
Office equipment	555 787	827 468
	4 481 924	827 468

See note 17 on finance leases for assets held under finance lease.

No property, plant and equipment has been pledged as security for liabilities

Blue Crane Route Municipality

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13 Intangible assets

	2015			R	2014		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value		Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R		R	R	R
Computer software	18 785	(7 145)	11 620		18 785	(2 454)	16 311
Prior period adjustment							16 612
Balance previously reported							(301)
2014: Recalculation of depreciation as per new assets register							<u>16 311</u>

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	16 311	-	-	-	(4 691)	-	11 620

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	-	18 785	-	-	(2 454)	-	16 311

Other Information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Heritage assets

	2015			R	2014		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value		Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R		R	R	R
Heritage assets	458 067	-	458 067		458 067	-	458 067
Prior period adjustment					0		0
Balance previously reported					458 067		458 067
Earlier than 2014: Re-calculation and valuation of heritage assets fair value					<u>458 067</u>		<u>458 067</u>

Reconciliation of heritage assets - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Heritage assets	458 067	-	-	-	-	-	458 067

Reconciliation of heritage assets - 2014

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Heritage assets	458 067	-	-	-	-	-	458 067

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2015 R	2014 R (Restated)
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15 Employee benefit obligations

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same between 60% and 70% subsidy.

All subsidies are subject to a maximum of R3 690.40 for the year ending 30 June 2016. The maximum subsidy amount has been assumed to increase in the future in line with salary inflation.

Principal assumptions

Discount rate

Grasp 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 8.81% per annum has been used. The corresponding index-linked yield at this term is 1.63%. These rates do not reflect any adjustment for taxation. These rates were deducted from the JSE Zero Coupon bond yield after the market close on 01 June 2015.

The rate is calculated by using a weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the JSE (Best Decency) Zero Coupon bond yield curve at that component's liability-weighted average duration, using an iterative process.

Financial assumptions

Discount rate	8.81%
Health care cost inflation rate	8.07%
Net effective discount rate	0.68%

The next contribution rate increase is assumed to occur at 1 January 2016.

Demographic assumptions

Average retirement age	63 (males)/ 58 (Females)
Continuation of membership at retirement	100%
Proportion assumed married at retirement	70%

Accrued liability values

Carrying value

Opening Accrued Liability	16 234 545	13 661 039
Service cost	783 778	656 452
Interest cost	1 425 332	1 173 646
Benefits paid	(478 248)	(445 344)
Actuarial (gain) / loss recognised in the year	1 596 163	1 188 743
Closing Accrued Liability	19 661 670	16 234 536
Non-current liabilities	19 053 346	15 756 288
Current liabilities (Estimate of benefits payments expected in the next annual period)	508 224	478 248
	19 561 570	16 234 536

The total liability has increased by 20% (or R 3.327 million) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	1 596 163
Contribution to Actuarial (Gain)/Loss:	
Basis changes: decrease in net discount rate	275 116
Contribution increases higher than assumed	36 159
Changes to membership profile different from assumed	1 284 888

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
15 Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	783 778	656 452
Benefits paid	(478 248)	(445 344)
Total included in employee related costs	305 530	211 108
Actuarial (Gain)/Loss recognised in statement of financial performance	1 698 163	1 188 743
Interest cost included in Finance costs	1 425 332	1 173 646
	3 327 025	2 573 497
Estimate of contributions expected to be paid to the plan in the next financial year	(508 224)	(478 248)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		12.713	8.848	19.562	
Health care inflation	1%	14.886	7.574	22.460	15%
	-1%	10.811	6.229	17.040	-13%
Discount Rate	1%	10.776	6.237	17.014	-13%
	-1%	15.165	7.576	22.741	16%
Post-retirement mortality	-1yr	13.175	7.133	20.308	4%
Average retirement age	-1yr	13.737	6.848	20.585	5%
Continuation of membership at retirement	-10%	11.494	6.848	18.342	-6%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2015

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		783 800	1 425 300	2 209 100	
Health care inflation	+1%	904 900	1 618 600	2 523 500	14%
	-1%	677 800	1 260 300	1 938 100	-12%
Discount Rate	+1%	653 200	1 376 200	2 029 400	-8%
	-1%	952 000	1 472 900	2 424 900	10%
Post-retirement mortality	-1yr	811 500	1 480 300	2 291 800	4%
Average retirement age	-1yr	817 700	1 498 400	2 316 100	5%
Continuation of membership at retirement	-10%	712 200	1 343 100	2 055 300	-7%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2011	30/06/2012	30/06/2013	30/06/2014	30/06/2015
Present value of accrued liability	13.782	15.453	13.661	16.235	19.562
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(13.782)	(15.453)	(13.661)	(16.235)	(19.562)

Experience adjustments	30/06/2013	30/06/2014	30/06/2015
Liabilities: (Gain)/Loss	(1.754)	0.346	1.321
Assets: Gain/(Loss)	0.000	0.000	0.000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
16 Other financial liabilities		
Held at amortised cost		
Absa Bank loans	14 243 013	1 887 249
<p>A loan of R3,5 million was taken up from ABSA Bank (R1 000 000 on 19/10/2010 and R2 500 000 on 06/06/2012). Instalments are R125 114.50 (9.75%) and R321 880.34 (9.74%) respectively. Both loans are over a period of 5 years and is semi-yearly payable. A Further loan from ABSA was taken up on 5 June 2015 of R13 000 000 at a fixed interest rate of 9.62%. Instalments of R1 675 282 will be semi-yearly payable.</p> <p>No defaults or breaches or re-negotiations of the terms and conditions occurred during the year. The loans are not secured, but the following covenants are applicable for the R13 000 000 loan taken up on 5 June 2015 from ABSA:</p> <ol style="list-style-type: none"> 1. Consumer debtor's collection rate to be maintained at >65%, 2. Net cash from operating activities to interest bearing debt not to deteriorate below 80%, and 3. Total interest bearing debt to annual operating revenue not to exceed 40%. 		
Non-current liabilities		
At amortised cost	11 526 565	1 157 355
Current liabilities		
At amortised cost	2 716 448	729 804
	14 243 013	1 887 249
Opening Balance	1 887 249	2 543 776
Loan received	13 000 000	
Interest accrued	255 818	237 063
Payments	(900 054)	(893 590)
Closing Balance	14 243 013	1 887 249
17 Finance lease obligation		
Minimum lease payments due		
- within one year	1 497 696	345 359
- in second to fifth year inclusive	4 061 963	768 688
	5 559 659	1 114 057
less: future finance charges	(1 072 049)	(211 750)
Present value of minimum lease payments	4 487 610	902 307
Present value of minimum lease payments due		
- within one year	1 066 331	231 755
- in second to fifth year inclusive	3 421 279	670 552
	4 487 610	902 307
Non-current liabilities		
Current liabilities	3 421 279	670 552
	1 066 331	231 755
	4 487 610	902 307
Prior period adjustment		
Balance previously reported		958 884
Re-calculation on interest rate adjustment from 9.75% to 14.2%		(58 577)
		902 307

It is municipality policy to lease certain plant and equipment under finance leases. The average lease term was 3- 5 years and the average effective borrowing rate was between 9.30% and 9.55% for plant and 14.2% for office equipment. Interest rates are linked to prime at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12. Property, plant and equipment for the carrying value of assets subject to finance lease.

There are no subleases

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
18 Unspent conditional grants and receipts		
Other grants	1 210 503	1 507 233

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R1 210 503. Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table. The municipality complied with all the conditions attached to the grants / allocations. These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2014	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2015
Municipal Infrastructure Grant (MIG)	-	15 891 000		(794 550)	(15 096 450)	-
MSIG Funds	-	934 000		(934 000)		-
FMG	-	1 600 000		(1 591 870)	(8 130)	-
NER Grant	524 667				(524 667)	-
Lotto Grant for sport facilities		600 000				600 000
DR WH CRAIB TRUST	13 015					13 015
Deployment of LED	196 164			(108 746)		87 418
IDP	21 079			(21 079)		-
Dept of housing - RDP Houses	(158 842)	262 142		(262 142)		(158 842)
Cacadu: Fire fighters	-	375 000		(375 000)		-
Skills Development	4 001		(4 001)			-
Depart Sport: Library admin cost	-	2 197 000		(2 197 000)		-
EPWP	-	1 000 000		(1 000 000)		-
Revenue Enhancement	42 764			(42 764)		-
ACIP Water conservation	429 240	3 125 246			(3 242 332)	312 154
Cacadu: Resourcing Youth Centre	126 303			(23 600)		102 703
Cacadu: Craft Project	150 000			(54 787)		95 213
	<u>1 348 391</u>	<u>25 984 388</u>	<u>(4 001)</u>	<u>(7 405 538)</u>	<u>(18 871 579)</u>	<u>1 051 661</u>
Less: Transfer of Debit Balance to Other receivables from non-exchange transactions (Note 8)	<u>158 842</u>					<u>158 842</u>
	<u><u>1 507 233</u></u>					<u><u>1 210 503</u></u>

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) -	Municipal systems improvement and financial management projects and Municipal Infrastructure (MIG)
Cacadu District municipality	Fire fighting and LED projects
Eastern Cape Department of Roads and Public Works	Labour intensive projects to promote job creation for unemployed people
Eastern Cape Department of Human Settlements	Housing projects

Certain grants were overspent at 30 June 2015 and is shown as negative figures. Those overspent amounts will be recovered from the grant allocations in the 2015/16 financial year.

Blue Crane Route Municipality

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19 Provisions

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	7 255 058	897 938	-	7 952 994
	<u>7 255 058</u>	<u>897 938</u>	<u>-</u>	<u>7 952 994</u>

Reconciliation of provisions - 2014

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	6 895 795	359 283	-	7 255 058
	<u>6 895 795</u>	<u>359 283</u>	<u>-</u>	<u>7 255 058</u>

Prior period adjustment

Balance previously reported	28 582 681
2014: Recalculation of Environmental rehabilitation	(286 777)
2014: Adjust interest on landfill sites calculations	(1 021 746)
Earlier than 2014: Recalculation of Environmental rehabilitation	(18 039 100)
	<u>7 255 058</u>

Non-current liability

Amortised cost 4 920 560 7 255 058

Current liability

Amortised cost 3 032 434 -
7 952 994 7 255 058

Environmental rehabilitation provision

The above rehabilitation provision includes the three towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act, Act no. 107 of 1998.

The effective date of all valuations was 30 June 2015 and was done and certified by Mr. DB Grobler, Professional Associated Valuer & Appraiser, appointed by Messrs. Ducharme Consulting.

In Calculating the provision for rehabilitation, the following have been included:

- Direct contract costs
- Indirect Professional Fees
- Indirect disbursements
- Escalation

No other landfill sites in the areas are in use and have to be closed by capping. Allowance has been made for survey, environmental and community issues in providing cover to the existing waste to a suitable standard.

Fees as per quotes obtained from environmental professionals.

Assume no major problems with leachate or hazardous materials.

These figures are based on approximate June 2015 costs and "Master Rates" published by the Government.

Monetary values for landfill sites at 30 June 2015:	Cookhouse	R 2 459 517
	Pearston	R 2 461 044
	Somerset East	<u>R 3 032 433</u>
		<u>R 7 952 994</u>

20 Payables from exchange transactions

Trade payables	11 558 193	17 481 988
Payments received in advanced	397 481	355 752
Accrued leave pay	4 037 343	3 512 012
Accrued 13th cheque	1 568 206	1 274 732
Accrued performance bonus	387 443	225 993
Accrued Long Service awards		4 356
Retention on Capital Projects	1 227 185	440 789
Previous employees of Dev Agency	789 050	
Deposits received	98 914	91 122
	<u>20 063 815</u>	<u>23 386 744</u>

Prior period adjustment

2014: Credit note given on Bulk Sewerage Project by LRC Civilis	23 663 458
2014: Invoice received for Bulk Sewerage project reversed	(59 354)
2014: Invoice received for Bulk Sewerage project reversed	(175 913)
Earlier than 2014: Performance bonus of Municipal Manager written back for year 2012	(41 447)
	<u>23 386 744</u>

Blue Crane Route Municipality

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
21 Trade and other payables from non-exchange		
Trade and other	142 547	321 449
22 VAT payable		
VAT	1 791 569	1 344 277
Prior period adjustment		
Balance previously reported		1 318 244
2014: Incorrect water readings taken on billing account in July 2013		(726)
2014: Electricity not levied for 6 months on billing account		181
2014: Invoice reversed on Bulk Sewerage project		21 603
2014: Adjust VAT on Finance Lease - change in calculation method		4 975
		<u>1 344 277</u>
<p>VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.</p>		
23 Consumer deposits		
Electricity & water	2 238 006	1 996 881

24 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	2015	Financial liabilities at amortised cost	Total
Other financial liabilities		(14 243 013)	(14 243 013)
Finance lease		(4 487 610)	(4 487 610)
Trade and other payables from non-exchange		(142 547)	(142 547)
Payables from exchange transactions		(15 628 991)	(15 628 991)
		<u>(34 502 161)</u>	<u>(34 502 161)</u>
	2014		
Other financial liabilities		(1 887 249)	(1 887 249)
Finance lease		(958 884)	(958 884)
Trade and other payables from non-exchange		(321 447)	(321 447)
Payables from exchange transactions		(19 518 980)	(19 518 980)
		<u>(22 686 560)</u>	<u>(22 686 560)</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
25 Revenue		
Property rates	9 054 976	8 495 507
Service charges	90 560 480	81 194 091
Rental of facilities and equipment	45 405	43 023
Interest received (trading)	3 185 589	2 420 796
Interest received	819 974	1 701 070
Income from agency services	600 079	654 549
Fines	39 788	43 514
Licences and permits	802 412	766 508
Government grants and subsidies	72 544 675	84 096 293
Fees earned	439 202	369 090
General	608 812	566 522
Private Work	183 147	77 800
Gains on disposal of assets	91 945	4 288 607
Gain on investment properties fair valuation	4 382 104	
Other income	1 970 990	1 128 480
	185 309 578	185 845 850
Prior Period adjustment		
Balance previously reported		193 313 922
Government grants and subsidies - credit note and reversal of Invoices for Bulk sewerage project decrease ACIP grant utilisation		(235 287)
Government grants and subsidies - Overspent MIG Grant reversed as revenue		(6 674 216)
Sale of electricity - Account not levied for 6 months		1 290
Sale of electricity - Pre-paid received in July 2014 for June 2014		159 531
Sale of electricity - Year end consumption adjustment to calculation		(183 754)
Sale of Water - Year end consumption adjustment to calculation		74 692
Sale of Water - Incorrect water readings taken in July 2013		(5 184)
Adjustments to Gain on disposal of assets as per new assets register valuations and corrections		684 050
Reverse gain on investment properties fair valuation as per calculation of value		(1 288 710)
Property rates - correction of valuation of Portion 1 of Farm 410		(504)
		185 845 850
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	90 560 480	81 194 091
Rental of facilities & equipment	45 405	43 023
Interest received - trading	3 185 589	2 420 796
Interest received	819 974	1 701 070
Income from agency services	600 079	654 549
Licences and permits	802 412	766 508
Fees earned	439 202	369 090
General	608 812	566 522
Private Work	183 147	77 800
Miscellaneous other revenue	1 970 990	1 128 480
	99 216 090	88 921 929
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	9 054 976	8 495 507
Fines	39 788	43 514
Government grants & subsidies	72 544 675	84 096 293
	81 639 439	92 635 314

Collectability of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
26 Property rates		
Rates received		
All properties	9 054 976	8 495 507
Valuations		
Agricultural	3 111 416 900	3 080 706 200
Commercial	148 489 050	121 442 450
Government	132 931 200	44 050 500
Residential	509 794 800	464 608 200
State	302 403 200	301 719 700
	4 205 034 950	4 012 527 050
<p>Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.</p> <p>Rates are levied on an annual basis with the final date for payment being 30 June 2015 (30 June 2014). Interest at prime plus 1% per annum (2014: prime plus 1% per annum), is levied on rates outstanding one month after due date.</p> <p>A general rate of 0.00048 for agricultural properties, 0.00770 for business properties, 0.00657 for residential properties, 0.01450 for government infrastructure properties and 0.01292 for government properties is applied to property valuations to determine assessment rates (2014: 0.00045 - agricultural properties, 0.00726 - business properties, 0.00620 - residential properties, 0.01219 - government properties and 0.01368 for Government infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2014: R15 000 - residential properties and 30% government infrastructure).</p>		
27 Service charges		
Sale of electricity	71 372 045	65 289 783
Sale of water	9 891 046	8 215 636
Sewerage and sanitation charges	4 013 297	3 349 396
Refuse removal	5 077 420	4 160 896
Other service charges	206 672	178 380
	90 560 480	81 194 091
<p>Electricity losses incurred during the year - R10 032 771 (24%) - 2014: R9 550 279 (27%) Water losses incurred during the year - R4 071 965 (44%), - 2014: R3 410 040 - (42%)</p>		
28 Investment revenue		
Interest revenue		
Interest	861	997
Bank	819 113	1 700 073
	819 974	1 701 070
<p>The amount of R819 974 (2014: R1 701 070) is included under revenue arising from exchange transactions</p>		
29 Government grants and subsidies		
Equitable share	42 429 000	40 796 000
Government grant - MIG	15 891 000	23 280 847
Government grant - FMG	1 600 000	1 550 000
Provincial and District Municipality grants	11 080 430	17 504 113
Government grant - MSIG	934 000	890 000
Government grant - NER	524 667	75 333
Other	85 578	
	72 544 675	84 096 293
30 Other income		
Insurance claims	1 165 863	440 879
Biltong festival	614 784	500 178
Housing	85 082	85 852
Damages recoveries		58 180
Consumer deposits forfeited		27 096
Cashier surpluses	7 800	2 356
SDL Claims	92 840	
Sub-division/rezoning fees	4 641	13 939
	1 970 990	1 128 480

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
31 Employee related costs		
Basic	40 701 974	35 075 144
Bonus	2 056 954	1 793 652
Medical aid - company contributions	2 098 087	1 820 866
UIF	382 216	381 671
WCA	440 349	463 305
SDL	511 252	463 582
Leave pay accrued	809 579	988 641
Post-employment benefits - Pension - Defined contribution plan	305 530	211 108
Travel, motor car, accommodation, subsistence and other allowances	1 926 002	1 704 152
Overtime payments	2 610 952	2 388 975
13th Cheques provision charge	1 568 206	1 274 732
Other allowances	1 640 393	1 853 205
Bargaining council	25 005	22 765
Other contributions	3 078	3 281
Pension contributions (employers contributions)	6 377 098	5 674 388
Relocation costs		28 806
	61 466 675	54 128 283
Remuneration of municipal manager		
Annual Remuneration	763 415	589 276
Car Allowance	120 000	100 000
Contributions to UIF, Medical and Pension Funds	1 886	1 551
Leave pay out		
Annual Bonus		
	885 281	690 827
Remuneration of chief finance officer		
Annual Remuneration	722 346	593 023
Car Allowance	80 000	110 000
Contributions to UIF, Medical and Pension Funds	1 886	1 881
Acting allowance (Municipal Manager)		
Leave pay out		
	784 212	704 884
Remuneration of manager - corporate services		
Annual Remuneration	682 346	605 235
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	1 886	1 881
Leave pay out		
Acting allowance (Municipal Manager)		29 218
Long service bonus		
	784 212	756 314
Remuneration of manager - community services		
Annual Remuneration	599 176	517 176
Car Allowance	120 000	110 000
Leave pay out		
Contributions to UIF, Medical and Pension Funds	1 886	1 706
	721 042	628 882
Remuneration of manager - infrastructure		
Annual Remuneration	583 528	268 313
Car Allowance	152 340	76 170
Leave pay out		
Contributions to UIF, Medical and Pension Funds	1 866	930
	737 734	346 413
32 Remuneration of councillors		
Mayor:	NM Scott	693 629
Chairperson: Corporate Services	BA Manxoweni	279 882
Chairperson: Impac	WH Greeff	279 882
Chairperson: Community Services	M Nontyi	279 882
Chairperson: Technical Services	NP Yantolo	279 882
Councillor	KC Brown	222 697
Councillor	CFB Du Preez	222 697
Councillor	NG Mjikelu	222 697
Councillor	Z Funiselo	222 697
Councillor	MK Mali	222 697
Councillor	RM Bradfield	222 697
		3 149 338
In-kind benefits		
The mayor nor the councillors received any in-kind benefits.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
33 Debt impairment		
Allowance for impairment	4 247 753	1 855 657
Debts written off	3 416 534	2 277 582
	<u>7 664 287</u>	<u>4 133 249</u>
34 Finance costs		
Trade and other payables	255 818	237 063
Finance leases	99 652	24 297
Interest cost - Landfill sites liability	697 937	359 264
Interest cost - PRMA liability	1 425 332	1 173 646
	<u>2 478 739</u>	<u>1 794 270</u>
Interest expense is calculated using the effective interest rate.		
Prior Period adjustment		
Balance as previously reported		2 812 875
Recalculation of Fintech Finance lease - cost of asset and interest rate		3 141
Recalculation of interest cost on Landfill sites liability		(1 021 746)
		<u>1 794 270</u>
35 Bulk purchases		
Electricity	56 788 986	52 223 254
Water	774 354	1 427 704
	<u>57 563 340</u>	<u>53 650 958</u>
36 General expenses		
Advertising	399 692	279 005
Auditors remuneration	3 063 097	2 970 478
Bank charges	352 554	302 085
Consulting and professional fees	3 656 038	3 380 033
Consumables	257 324	213 050
Donations	5 000	15 742
Entertainment/Biltong Festival	856 712	700 951
Insurance	598 924	923 287
Conferences and seminars	50 031	27 150
Rentals ad hoc	528 574	686 803
Refuse Bags	272 624	259 645
Magazines, books and periodicals	31 559	24 847
Fuel and oil	2 704 229	4 050 662
Printing and stationery	1 014 774	730 934
Protective clothing	216 401	181 212
Security (Guarding of municipal property)	1 285 055	1 351 729
Telephone and fax	2 608 375	2 171 570
Transport and freight	27 454	18 768
Training	239 503	195 671
Title deed search fees	35 411	13 047
Tourism development	351 870	332 040
Licences	575 660	508 682
Stipends - ward committee	646 407	675 054
Agency services	2 783 016	4 770 000
Obsolete/(surplus) stock	9 534	(3 130)
Conditional grant expenditure	3 859 117	6 209 133
Cashier shortages/deficits	684	2 370
Chemicals	614 629	616 317
Valuations expenses	72 985	40 527
Laboratory tests	66 693	53 923
Rainwater harvesting		47 236
Inter departmental charges	(1 260 165)	(2 905 374)
Other expenses	873 336	1 198 263
	<u>26 787 089</u>	<u>30 041 710</u>
Prior Period adjustment		
Balance as previously reported		30 061 330
Other Expenses: Refund received from Eskom for penalties charged for late payment		(19 620)
		<u>30 041 710</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
36 General expenses (continued)		
Other expenses		
Ward committees	4 162	1 450
Various special events	239 794	277 652
Dis/re-connection fees	400	23 197
Levies-SALGA	532 559	501 237
Paper burials		1 580
Prevention of epidemics	51	836
Fruitless, wasteful, unauthorised expenditure	991	1 355
Prodiba	88 265	95 073
Medical expenses	1 167	
Awareness campaign	600	
Disaster assistance	5 349	295 883
	<u>873 338</u>	<u>1 198 263</u>
37 Auditors' remuneration		
Audit Fees	<u>3 063 097</u>	<u>2 970 478</u>
<p>An amount of R40 848 included in the above audit fees was outstanding at 30 June 2015 for Blue Crane Route Municipality, but paid on 18 July 2015. There was also an amount R1 202 922 that was still outstanding for the Blue Crane Development Agency on 30 June 2015. This amounts excludes interest charges that was agreed by the Auditor General to be written off. This full outstanding amount was then settled before 31 August 2015 (excluding interest)</p>		
38 Net cash flows from operating activities		
Surplus/(deficit)	(11 974 288)	3 399 946
Adjustments for:		
Depreciation and amortisation	33 231 140	31 584 177
(Gain) / Loss on sale of assets and liabilities	(91 945)	(4 288 607)
Grant revenue with transfer of assets	(3 071 281)	
Gain on investment properties fair valuation	(4 362 104)	
Finance costs (finance leases)	99 652	24 297
Debt impairment	7 664 267	4 133 249
Movement in retirement benefit assets and liabilities	3 327 025	2 573 497
Movements in provisions	697 937	359 264
Changes in working capital:		
(Increase)/decrease in inventories	(235 346)	611 643
(Increase)/decrease in other receivables from exchange transactions	1 178 552	(1 853 248)
(Increase)/decrease from other receivables from non-exchange transactions	3 060 663	(1 964 492)
(Increase)/decrease in consumer debtors	(10 822 832)	(9 114 076)
Increase/(decrease) in payables from exchange transactions	(5 846 398)	7 820 812
Increase/(decrease) in VAT payable	1 009 762	(465 817)
Increase/(decrease) in trade and other payables from non-exchange	(178 900)	236 853
Increase/(decrease) in unspent conditional grants and receipts	(296 730)	(5 854 031)
Increase/(decrease) in consumer deposits	241 125	101 840
	<u>13 830 339</u>	<u>27 306 307</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
39 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Infrastructure related projects	3 970 941	29 818 712
	3 970 941	29 818 712
Prior Period adjustment		
Balance as previously reported		28 494 382
2014: Understatement on Capital Commitment for Sewerage project in Somerset East		1 324 330
		29 818 712

This committed expenditure relates to infrastructure projects and will be financed by Government Grants (R868 437) and external loan from ABSA Bank that is included in Note 16 (R3 102 504)

Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its vehicles. Leases are negotiated on a month to month basis. No straight-lining is possible due to the fact that the contracts are expired and the rent is on a month to month basis.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

40 Contingencies

Contingent liabilities

Matter: Blue Crane Route Municipality vs Standard bank

This matter is ready for trial and further costs involved could be more than R20 000. This estimate excluded further costs should Standard bank be successful in its claim.

Matter: Blue Crane Route Municipality vs JP Barnard

The trial of this matter has been postponed without a date. If the plaintiff succeeds the total liability for the Municipality could be around R32 189.

Matter: Blue Crane Route Municipality vs Various Employees

The following Labour matters is still ongoing :

<u>Name of Employee</u>	<u>Labour Case details</u>	<u>Further anticipated costs</u>
Ms Sammy	Dispute her remuneration	R75 000 - R100 000 This amount excludes the municipality's possible obligation should the claimant be successful
PJ Dreyer	Payment for performance Bonus	R100 000 An Amount of R66 204 is included in Note 20 - Performance Bonus
M Ncipa	Withdrawal of resignation	R75 000 This amount excludes the municipality's possible obligation should the claimant be successful
C Simonsse	Demands permanent position	Uncertain
N Msezeni	Dissatisfaction with grading position	R15 000 - R20 000
S Kambi	Dissatisfaction with grading position	R100 000
I Hendricks & other	Re-employment in terms of Agreement	R50 000 This amount excludes the municipality's possible obligation should the claimant be successful
M Majanja	Withdrawal of resignation	R15 000

Contingent assets

Matter: Blue Crane Route Municipality vs Standard bank

This matter is ready for trial and further costs involved could be more than R20 000. The Council's prospects of success remains strong and if successful, all legal costs should be reclaimable from the defendants which is currently R443 598.

Matter: Blue Crane Route Municipality vs Autumn Star

The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 500 000 together with legal costs incurred.

Matter: Blue Crane Route Municipality vs Santam Insurance Limited

The decision of Judge Roberson after the trial was in the Municipality's favour and the amount of damages will be decided at the following trial. If the defendant is prepared to settle on the actual amounts paid out by Council, the amount claimed will be R1 500 000. The Municipality is currently awaiting the Defendants decision on this matter.

Matter: Blue Crane Route Municipality vs A Swanepoel

The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total costs Mr Swanepoel must pay the Municipality could be more than R50 000.

Contingent movements from previous year (Deleted from contingencies)

Matter: Blue Crane Route Municipality vs NJ Jack

The plaintiff in this case has not taken any further steps during the last four years and therefore no amount is foreseen to be paid by the Municipality. The case will now be closed.

Matter: Blue Crane Route Municipality vs Dr E Rankwana

Following on Dr Rankwana not being appointed to the post of the Municipal Manager, he launched an application to review and set aside the appointment of Mr Thabiso Klaas as the Municipality's Municipal Manager and appointing him to the post effective 1 Sept 2013. A settlement agreement has been signed by both parties for R450 000 in July 2015 (Council take decision on 30 June 2015) and is included under Note 20 (Trade Payables). Further legal costs are estimated at R75000.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
41 Related parties		
Relationships		
Controlled entities - Blue Crane Development Agency (refer to note 14)		
Related party transactions		
Advertisements		
Blue Crane Development Agency		9 351
Audit fees (Internal)		
Blue Crane Development Agency		42 200
Grant paid		
Blue Crane Development Agency	2 436 743	4 718 449
SARS (PAYE)		
Blue Crane Development Agency	346 273	
Contracts awarded to close family members		
Inko'eko Trading (Owner is husband of Councillor NP Yantolo)		109 626
<p>The Blue Crane Development Agency was under the sole control of the Municipality during the year. Operations of the Development Agency discontinued at 30 June 2015 and the assets and liabilities was transferred to the Municipality.</p>		
42 Prior period adjustments		
<p>During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2014), affecting various balances were noted. These errors were corrected retrospectively.</p> <p>The correction of the error(s) results in adjustments as follows:</p>		
Property, plant and Equipment		
Re-calculation of PPE values as per Note 12		(73 102 170)
		<u>(73 102 170)</u>
Investment property		
Adjust fair value of investment properties as per new values and corrected classifications		17 172 766
		<u>17 172 766</u>
Heritage Assets		
Valuation of heritage assets as per Note 14		458 067
		<u>458 067</u>
Other receivables from non-exchange transactions		
Correction property valuation from 2008 to 2013		(7 176)
		<u>(7 176)</u>
Provisions		
Re-calculation of Land fill site Provision		18 039 100
		<u>18 039 100</u>
Payables from exchange transactions		
Performance bonus of Municipal Manager for the year 2012 written back		41 447
		<u>41 447</u>
Trade receivables from exchange transactions		
Year end water and electricity consumption adjustment to calculations		(1 531 514)
		<u>(1 531 514)</u>
Accumulated surplus adjustments (Earlier than 2014)		
Property, plant and Equipment		73 102 170
Investment property		(17 172 766)
Heritage assets		(458 067)
Other receivables from non-exchange transactions		7 176
Provisions		(18 039 100)
Payables from exchange transactions		(41 447)
Trade and other payables from non-exchange		1 531 514
		<u>38 929 480</u>
Prior period adjustments		
Reverse Gain on Investment properties fair valuation (See Note 11)		1 288 710
Adjustment to Land fill site asset (See Note 12)		266 777
Adjustments to depreciation on assets (See Notes 12 and 13)		(3 777 165)
Adjustment on General expenses (See Note 36)		(19 820)
Adjustment to Finance costs (See Note 34)		(1 018 605)
Adjustments to Provision for Landfill sites (See Note 19)		(266 777)
Adjustment to Revenue (See Note 25)		6 179 362
Adjustment: Opening accumulated surplus 2014 (See above detail)		38 929 480
		<u>41 582 162</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
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43 Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

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

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years
Other financial liabilities	9.62%	(2 716 449)	(2 972 304)	(2 588 213)	(2 843 188)	(3 122 860)
Trade and other payables from non-exchange	9.25%	(142 547)	-	-	-	-
Payables from exchange transactions	7%	(20 063 815)	-	-	-	-
Finance lease obligation	9.55%	(1 086 331)	(1 133 061)	(858 589)	(941 354)	(488 275)
Trade and Other receivables from exchange	10.25%	20 845 090	-	-	-	-
Other receivables from non-exchange	10.25%	4 386 473	-	-	-	-
Other financial assets	5.00%	2 944	3 094	3 253	3 419	2 983
Cash in current banking institutions	4.25%	10 231 410	-	-	-	-

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

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

Financial instrument	2015	2014
Trade receivables from exchange transactions	17 786 017	14 928 258
Other receivables from non-exchange transactions	4 386 473	7 477 864
Other receivables from exchange transactions	3 057 073	2 499 500
Other financial assets	12 749	15 893
Short term deposits	10 231 410	14 812 306

The municipality holds deposits of R2 238 006 (2014: R1 996 881) from consumer debtors. No guarantees or collateral was provided to third parties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
44 Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
45 Events after the reporting date		
After year end the following contingent liabilities had been concluded: The Municipality vs PJ Dreyer The Municipality vs C Simonsse The Municipality vs N Msezeni The Municipality vs S Kambi The Municipality vs M Majanie		
Refer to Note 40 for more details on these cases.		
46 Unauthorised expenditure		
Opening balance	13 185 391	357 083
Add: Unauthorised Expenditure - current year	1 928 317	12 828 308
Less: Amounts recoverable/condoned	-	-
	<u>16 113 708</u>	<u>13 186 391</u>
Unauthorised expenditure occurred due to allocation differences on depreciation charges and over expenditure on legal costs No criminal or disciplinary steps will be taken as a consequence of above expenditure and it will not be recovered.		
47 Fruitless and wasteful expenditure		
Opening balance	16 553	15 188
Add: Fruitless and wasteful expenditure - current year	991	1 355
Less: Amounts recoverable/condoned	-	-
	<u>17 544</u>	<u>16 543</u>
Prior Period adjustment		
Balance as previously reported		36 173
Eskom refund penalties charged on late payment		<u>(19 620)</u>
		<u>16 553</u>
A report must still be submitted to Council that will indicate any possible disciplinary steps that will be taken and if it is recoverable.		
48 Irregular expenditure		
Opening balance	52 558 608	21 479 984
Add: Irregular Expenditure - current year	39 594 971	31 078 624
Less: Amounts recoverable/condoned or written off by Council	-	-
Less: Amounts not recoverable (condoned)	-	-
	<u>92 153 579</u>	<u>52 558 608</u>
Details of Irregular expenditure - current year		
Disciplinary steps taken/criminal proceedings: None		
Supply Chain Management regulations not adhered to		
	<u>92 153 579</u>	

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2015
R
2014
R
(Restated)

49 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget	Actual amounts as per State- ment of Financial Performance	Difference	Comment
Revenue				
Property rates	9 055 603	9 054 976	627	Budget includes Municipal charges
Service Charges	105 053 548	90 560 480	14 493 068	
Service Charges: Electricity	77 228 986	71 370 413	5 858 573	Budget includes indigent plus Mun charges
Service Charges: Water	13 011 236	9 892 678	3 118 558	Budget includes indigent plus Mun charges
Service Charges: Sanitation	6 220 172	4 013 297	2 206 875	Budget includes indigent plus Mun charges
Service Charges: Refuse	8 386 482	5 077 420	3 309 062	Budget includes indigent plus Mun charges
Service Charges: Cemeteries	43 863	43 863	-	
Service Charges: Dis/re-connection fees	94 737	94 737	-	
Service Charges: Pound Fees	68 072	68 072	-	
Fees earned	-	438 202	(439 202)	
Revenue - Building Plan Fees		116 779	(116 779)	Included under Other Revenue In budget
Revenue - Libraries		52 848	(52 848)	Included under Other Revenue in budget
Revenue - Nature Res/Bestershoek		245 083	(245 083)	Included under Rental of facilities in budget
Revenue - Brickfields		24 492	(24 492)	Included under Rental of facilities in budget
General	-	608 812	(608 812)	Included under Other Revenue in budget
Gain on investment properties fair valuation	-	4 362 104	(4 362 104)	Included under Other Revenue in budget
Private Work	-	183 147	(183 147)	Included under Other Revenue in budget
Other Income/own Revenue	7 568 386	1 970 990	5 595 396	
Revenue - Building Plan Fees	116 779		116 779	Included under Fees earned
Revenue - Libraries	52 848		52 848	Included under Fees earned
Revenue - Nature Res/Bestershoek	245 083		245 083	Included under Fees earned
Revenue - Brickfields	24 492		24 492	Included under Fees earned
General	608 812		608 812	Included under General
Private Work	183 147		183 147	Included under Private Work
Gain on investment properties fair valuation	4 362 104		4 362 104	Shown separately in Financial Performance
Housing	87 213	85 082	2 131	Budget includes Municipal charges
Other Income	1 885 908	1 885 908	-	

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2015
R
2014
R
(Restated)

49 Reconciliation between budget and statement of financial performance (continued)				
Expenditure	Actual amounts as per Budget	Actual amounts as per Statement of Financial Performance	Difference	Comment
Classification Basis				
Employee Related costs	60 745 103	61 456 675	(711 572)	
Workmens Compensation Act: Councillors		20 448	(20 448)	Included under Remun of Counc. in budget
Skills Development Levy: Councillors		31 912	(31 912)	Included under Remun of Counc. in budget
Travelling and subsistence		659 212	(659 212)	Included under Remun of Counc. in budget
Other employee related costs	60 745 103	60 745 103		
Remuneration of Councillors	3 860 911	3 149 339	711 572	
Workmens Compensation Act: Councillors		20 448	20 448	Included under Employee Related Costs
Skills Development Levy: Councillors		31 912	31 912	Included under Employee Related Costs
Travelling and subsistence for Councillors		659 212	659 212	Included under Employee Related Costs
Other remuneration of Councillors	3 149 339	3 149 339	-	
Collection Costs	-	11 417	(11 417)	Included under Other expenditure in budget
Repairs and Maintenance	-	3 335 667	(3 335 667)	Included under Other expenditure in budget
Transfers and Grants	3 134 886		3 134 886	
Transfers to Development Agency (BCDA)	2 783 016		2 783 016	Included under General Expenses
Transfers to Tourism	351 870		351 870	Included under General Expenses
General/Other Expenses	43 101 286	26 797 099	16 304 187	
Electricity (Budget: Mun services/Free basic charges)	5 858 573		5 858 573	Budget includes Indigent plus Mun charges
Water (Budget: Mun services/Free basic charges)	3 118 558		3 118 558	Budget includes Indigent plus Mun charges
Sanitation Charges (Budget: Mun services/Free basic charges)	2 206 875		2 206 875	Budget includes Indigent plus Mun charges
Refuse Charges (Budget: Mun services/Free basic charges)	3 309 062		3 309 062	Budget includes Indigent plus Mun charges
Property Rates (Budget: Mun Services)	627		627	Budget includes Municipal charges
Housing (Budget: Mun services)	2 131		2 131	Budget includes Municipal charges
Collection Costs	11 417		11 417	Shown seperatly in Financial Performance
Repairs and maintenance	3 335 667		3 335 667	Shown seperatly in Financial Performance
Transfers and Grants		3 134 886	(3 134 886)	Shown seperatly in budget
Actuarial Loss	1 596 163		1 596 163	Shown seperatly in Financial Performance
Other/General expenses	23 662 213	23 662 213	-	Shown seperatly in Financial Performance

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)
50 Additional disclosure in terms of Municipal Finance Management Act		
PAYE and UIF		
SARS deductions	6 981 922	6 478 151
Amount paid over	(6 981 831)	(6 473 018)
	<u>91</u>	<u>5 133</u>
The full outstanding amount of R 91 was paid in July 2015.		
Pension and Medical Aid Deductions		
Current year deductions	12 530 950	10 749 415
Amount paid - current year	(12 530 950)	(10 749 415)
	<u>-</u>	<u>-</u>
Councillors' arrear consumer accounts		
No arrears owed by Councillors to the Municipality for rates or services were outstanding for more than 90 days during the year.		
Organised Local Government (SALGA)		
Contribution for the year	<u>532 559</u>	<u>501 237</u>
No contributions were outstanding at year end.		

51 Actual versus Budget: Explanation of material variances greater than 10% versus budget

Revenue	Final Budget 2015 R	Actual 2015 R	Variance R	Variance %	Explanation
Interest earned - external investments	1 200 800	819 974	(380 826)	-32%	Surplus cash was used to finance MIG sewerage project
Interest earned - outstanding debtors	2 568 540	3 185 589	617 049	24%	Interest was more than suspected - conservative approach
Rental of facilities and equipment	54 480	45 405	(9 075)	-17%	Budget was incorrect - income is always less than R50 000
Traffic fines	80 000	39 788	(40 212)	-50%	Traffic fines not realised as suspected - revenue annually decrease
Other revenue	3 893 450	7 566 386	3 672 936	94%	Gain on Investment properties fair valuation more than suspected
Expenditure					
Debt impairment	6 100 000	7 664 287	1 564 287	26%	Debt impairment was more than suspected
Finance charges	3 409 690	2 478 739	(930 951)	-27%	Interest on landfill sites not as suspected, new valuation calculation
Transfers and Grants	4 216 870	3 134 886	(1 081 984)	-26%	Dev Agency audit cost not paid before year end

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2015

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2015 R	2014 R (Restated)			
51 Final budget versus original budget: Explanation of material variances greater than 10%					
	Final Budget 2015 R	Original Budget 2015 R	Variance R	Variance %	Explanation
Revenue					
Interest earned - external investments	1 200 800	1 478 400	(277 600)	-19%	MIG Funds spent earlier in the financial year
Other own revenue	3 893 450	2 548 640	1 344 810	53%	Insurance claims received for riot damages - not originally budgeted
Expenditure					
Remuneration of Councillors	3 938 180	3 215 120	723 060	22%	Subsistence and travelling cost for Councillors was previously included under Employee costs
Depreciation and asset impairment	38 774 200	21 624 000	15 150 200	70%	After new assets register was compiled, the depreciation cost increased
Finance Charges	3 409 890	1 281 400	2 128 290	166%	Interest for PRMA was originally budgeted under employee costs but in the adjustment budget under finance charges
Transfers and grants	4 216 870	2 710 930	1 505 940	56%	Contribution to the Blue Crane development agency was only budgeted for 6 months originally. It was then increased to cover a further 3 months plus audit costs

APPENDIX A

Quarter 1 – DEVIATION REGISTER 01 JULY 2014 TO 30 SEPTEMBER 2014

TECHNICAL DEPARTMENT

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
01-Aug-14	VUKUZENZELE	SECURITY SERVICES	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R 35 400	39618
07-Aug-14	TELERAY	RESET VVIDS & TV DECODER	Only SP that works on TV stations & vvids decoder in EC	s36(1)(a)(v)	MM	R3 192.00	39718
20-Jun-14	TURNER MORRIS	HIRE OF ROLLER		s36(1)(a)(v)	MM	R7 524.00	39268
16-Jul-14	TURNER MORRIS	REPAIRS TO HYDRAULIC PUMP	Only agent – cannot be fixed anywhere	s36(1)(a)(v)	MM	R9 150.78	39448
31-Jul-14	BG SECURITY	TELEPHONE SERVICES	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R2 859.12	39598
05-Aug-14	BG SECURITY	AFTERHOURS	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R 3 636.60	39656
20-Aug	HINO ALGOA	SERVICE FOR A TRUCK	A Toyota agent that has to do the service so as not to void the warranty	s36(1)(a)(v)	MM	R2 534.45	39860
19-Aug	ASD INTERNATIONAL	REPAIRS TO CHERRY PICKER	Only service provider in the EC that wants to do the hydraulic works	s36(1)(a)(v)	MM	R14 888.40	39842
12-Aug	TOEKOMST CONSTRUCTION	SUPPLY OF TRANSFORMERS	An emergency as cable thieves cut down the two poles that the transformer was hanged on.	s36(1)(a)(v)	MM	R60 078.00	39760
08-Sep	BILLISON TRUCKS	SERVICE OF A TRUCK	Agents	s36(1)(a)(v)	MM	R5 704.08	40074
13-Aug	TURNER MORRIS	REPAIRS ON A HYDRO MOTOR VIBRATOR ROLLER	Only available agent	s36(1)(a)(v)	MM	R10 700.01	39776
29-Aug	ALGOA HINO	SERVICE OF A TRUCK	Service to be done with an agent so as not to void warranty	s36(1)(a)(v)	MM	R 49 966.85	39979
25-Sep	BG SECURITY	TELEPHONE SERVICE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R2 859.12	40306
25-Sep	BG SECURITY	TELEPHONE SERVICE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R2 859.12	40306
18-Sep	BG SECURITY	TELEPHONE SERVICE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R2 859.12	40307
16-Sep	BG SECURITY	AFTERHOUR	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R3 636.60	40230

FINANCE DEPARTMENT

17-Jul-14	NOLTE & SMITH	RENTAL FOR CLLR MJIKELO	Clr Mjikele's house was burnt down during riots in Cookhouse; Council decided to rent for her until there is stability in Cookhouse.	s36(1)(a)(v)	MM	R 10 000	39541
29-Jul-14	CE UNIVERSITY OF PRETORIA	SHORT COURSE IN CONSTRUCTION PROCUREMENT	Only Institution offering the course.	s36(1)(a)(v)	MM	R18 360.00	39560
				s36(1)(a)(v)			39600
24-Jul-14	BG SECURITY	SECURITY SERVICES: CIT, GUARD & STANDBY	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R13 480.50	39542
05-Aug-14	BG SECURITY	SECURITY – TOWN HALL, AND FINANCE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R13 480.00	39652
18-Aug	BG SECURITY	SECURITY – MAYOR'S HOME	Securing the Mayor's home after an attempt during the riots.	s36(1)(a)(v)	MM	R17 671.71	39818
18-Aug	BG SECURITY	SECURITY – SLUIJCE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R10 793.57	39837
19-Aug	NOLTE & SMIT	ACCOMMODATION FOR CLLR MJIKELO	The Clr's house was burnt during the riots in Cookhouse and Council resolved to accommodate her until there is stability.	s36(1)(a)(v)	MM	R5 000.00	39932
26-Aug	VUKUZENZELE	SECURITY – AIRFIELD AND WORKSHOP	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R35 400.00	39936
05-Aug	LITHOTECH	SUPPLY OF 2 PART RECEIPT PAPERS	Only service provider registered on the database	s36(1)(a)(v)	MM	R10 680.00	39648
28-Aug	NOLTE & SMIT	DEBT COLLECTION	Currently dealing with debt handovers	s36(1)(a)(v)	MM	R2 640.00	39987
08-Sep	NOLTE & SMIT	DEBT COLLECTION	Currently dealing with debt handover	s36(1)(a)(v)	MM	R8 110.20	40067
25-Sep	VUKUZENZELE	SECURITY – WORKSHOP AND AIRFILED	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R35 400.00	40310
18-Sep	BG SECURITY	SECURITY – FINANCE AND TOWN HALL	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R13 480.50	40243
18-Sep	BG SECURITY	SECURITY – SLUIJCE	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R11 086.17	40244

CORPORATE SERVICES

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
27-Jul-14	BG SECURITY	SECURITY SERVICES – VARIOUS BUILDINGS, AIRFIELD & OLD IEC OFFICES	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R7 280.00	39550
04-Jul-14	BG SECURITY	CPMD	NMMU not offering the course currently and Debitte needs a minimum of 30 ppl.	s36(1)(a)(v)	MM	R63 177.00	39360
13-Aug-14	SMITH TABATA ATTORNEYS	LEGAL FEES IRO CRM PINOLTA & CLASSEN	Ongoing legal cases	s36(1)(a)(v)	MM	R11 614.25	39784
05-Aug	BG SECURITY	SECURITY – OLD IEC OFFICE, AIRFIELD AND VARIOUS BUILDINGS	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R7 280.00	39660
11-Sep	CJ VAN DEN BERG	FACILITATION OF A WORKSHOP	Council took a resolution on 30 July 2014 to seek assistance specifically from CJ van den Berg to guide on disposing of municipal land	s36(1)(a)(v)	MM	R9 800.00	40127
17-Sep	BG SECURITY	SECURITY – VARIOUS BUILDINGS	Company has been utilised since 2006 and a tender was advertised but it was decided not to award as Council will employ permanent staff to perform the duties.	s36(1)(a)(v)	MM	R7 280.00	40228
22-Sep	CHRIS BAKER	LEGAL FEES	Ongoing legal cases	s36(1)(a)(v)	MM	R84 535.66	40314

Quarter 2 – DEVIATION REGISTER 01 OCTOBER 2014 TO 31 DECEMBER 2014

TECHNICAL DEPARTMENT

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
18-Oct	TOEKOMST CONSTRUCTION	PURCHASE OF TRANSFORMERS	EMERGENCY	s36(1)(a)(v)	AO	R69 280.00	40550
14-Oct	ALGOA TOYOTA	SRICE OF A TRUCK FTY745EC	TOYOTA AGENT THAT CAN SERVICE THE TRUCK	s36(1)(a)(v)	AO	R2 479.55	40537
16-Oct	BG SECURITY	TELEPHONE SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	CFO (ACTING AO)	R22 859.12	40591
17-Sep	BG SECURITY	AFTERHOUR SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	CFO (ACTING AO)	R3 636.60	40780
25-Nov	ROBERTS WORKSHOP	SERVICE AND REPAIR OF PILLOR POST LIFT	THE FAULTS WERE DISCOVERED WHEN THE SERVICE WAS BEING CONDUCTED AND THE SERVICE PROVIDER IS THE ONLY ONE IN SOMERSET EAST	s36(1)(a)(v)	AO	R14 079.50	41072
18-Nov	ALGOA TOYOTA	SERVICE OF TRUCK FTG051	AGENTS ONLY THAT CAN SERVICE AND THEYARE THE NEAREST	s36(1)(a)(v)	AO	R2 484.05	40991
10-Nov	BG SECURITY	TELEPHONE SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R2 859.12	41011
10-Dec	ALGOA TOYOTA	SERVICE FOR TRUCKFSY526	AGENT FOR TOYOTA TRUCKS	s36(1)(a)(v)	AO	R2 534.45	41244
17-Dec	OLIVER SOMERSET EAST	STOCK RETREAD FOR FORD 9000	THE TYRE BURST WHILE WORKING AND THE TYRE HAD TO BE BOUGHT TO CONTINUE AND FINISH THE WORK AND MOVE THE TRACTOR BACK TO WORKSHOP. THE SERVICE PROVIER IS THE ONLY ONE IN TOWN	s36(1)(a)(v)	AO	R7 495.61	41317

FINANCE DEPARTMENT

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
30-Sep	NOLTE & SMIT	RENTAL FOR COUNCILLOR MJIKELO	CLLR's HOUSE WAS BURNT DOWN DURING RIOTS IN COOKHOUSE	s36(1)(a)(v)	CFO (ACTING AO)	R5 000.00	40413
02-Oct	LITHOTECH	PURCHASE OF MUNICIPAL ACCOUNT FORMS	ONLY SERVICE PROVIDER THAT IS PRINTING THE MUNICIPALITY'S ACC FOFRMS, METER CARDS AND RECEIPTING PAPER	s36(1)(a)(v)	AO	R15 922.15	40414
02-Oct	BG SECURITY	CIT AND 1 DAY GUARD & 2 STAND BY GUARDS	THIS IS A SERVICE THAT HAS BEEN RUNNING FROM 2006 OR PROIR AND THE MUNICIPALITY STILL HAS TO GO OUT ON TENDER.	s36(1)(a)(v)	AO	R13 480.00	40403
09-Oct	BG SCURITY	SECURITY SERVICES AT THE SLUICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R11 155.09	40505
09-Oct	BG SECURITYQ	SECURITY SERVICES AT MADAM MAYOR'S HOUSE	SECURITY WAS REQUIRED AFTER AN ATTEMPT TO BURN HER HOUSE DURING RIOTS	s36(1)(a)(v)	AO	R17 721.35	40506
06-Oct	CHRIS BAKER & ASS	ONGOING LEGAL MATTERS	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R27 535.01	40508
13-Oct	J PHILLIPS PLANT REPAIR TRUST	REPAIRS TO TLB	IMPRACTICAL TO ADVERTISE AS THE TLB HAS TO BE STRIPPED AND LOOKED AT TO BE ABLE TO QUOE AND KNOW WHAT IS TO BE REPAIRED	s36(1)(a)(v)	AO	R60 021.00	40529
09-Oct	BG SECURITY	SECURITY SERVICES AT VARIOUS BUILDINGS, AIRFIELD & IEC	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R7 280.00	40541
14-Oct	NOLTE & SMIT	DEBT COLLECTION	SERVICE PROVIDER CURRENTLY DEALING WITH ALL DEBT HAND OVERS	s36(1)(a)(v)	AO	R15 817.64	40588
01-Jul	A2A KOPANO	UPDATING OF IMMOVABLE, INVESTMENT PROPERTY & MOVABLE REGISTERS INCL LANDFILL SITE	SERVICE PROVIDER WAS ALREADY DOING SIMILAR WORK AS PART OF IMPROVING AUDIT OUTCOMES APPOINTED BY CDM FOR ITS LM'S BUT THIS WORK WAS OUTSIDE THAT SCOPE OF WORK	s36(1)(a)(v)	AO	R286 830.07	40694
27-Oct	SMITH TABATA ATTORNEYS	LEGAL FEES	ONGOING LEGAL CASES	s36(1)(a)(v)	AO	R40 102.19	40896
27-Oct	VUKA UZENZELE SECURITY	SECURITY SERVICES WORKSHOP & AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R35 400.00	40726
30-Oct	TOEKOMST CONSTRUCTION	PURCHASE OF TRANSFORMERS	EMERGENCY	s36(1)(a)(v)	AO	R35 910.00	40758
03-Nov	BG SECURITY	SECURITY SERVICES AT FINANCE TOWN HALL	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R13 872.26	40831
25-Nov	ACTOM ELECTRICAL	PURCHASE OF TRANSFORMERS	EMERGENCY	s36(1)(a)(v)	AO	R43 762.32	41075
01-Dec	VUKA UZENZELE	SECURITY SERVICES AT THE WORKSHOP AND AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R35 400.00	41130
19-Nov	NOLTE & SMIT	DEBT COLLECTION	CURENTLY DEALING WITH DEBT HANDOVERS	s36(1)(a)(v)	AO	R5 497.97	41027
14-Nov	BG SECURITY	GUARD DUTY SERVICE SLUICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R11 305.69	40969
14-Nov	BG SECURITY	GUARD DUTY AT MAYORS HOUSE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R18 732.88	40970
14-Nov	SA POST OFFICE	PURCHASE OF PRE STAMPED ENVELOPES	ONLY SERVICE PROVIDER THAT SELLS THE TYPE OF ENVELOPES.	s36(1)(a)(v)	AO	R46 580.00	40955

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
03-Nov	NOLTE & SMIT	RENTAL FOR CLLR MJIKELO	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R5 000.00	40818
25-Nov	NOLTE & SMIT	RENTAL FOR CLLR MJIKELO	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R5 000.00	41232
11-Dec	BG SECURITY	GUARD DUTY AT MAYORS HOUSE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R18 381.98	41284
17-Dec	BG SECURITY	GUARD DUTY AT THE SLUICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R11 069.29	41326
11-Dec	NOLTE & SMIT	DEBT COLLECTION FEES	CURRENTLY DEALING WITH DEBT HANDOVERS	s36(1)(a)(v)	AO	R6 044.13	41327
17-Dec	VUKA UZENZELE	SECURITY AT WORKSHOP & AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R35 400.00	41329
11-Dec	BG SECURITY	SECURITY AT FINANCE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R13 872.26	41339

CORPORATE SERVICES DEPARTMENT

17-Oct	BG SECURITY	SECURITY SERVICES AT AEROVILLE MPC	THE CONSTRUCTION COMPANY HANDED OVER THE BUILDING AND IT NEEDED SECURITY. QUOTATIONS COULD NOT BE SOUGHT AS THERE WAS NO TIME.	s36(1)(a)(v)	CFO (ACTING AO)	R2 543.06	40644
27-Oct	UD TRUCKS PE	R/H PANEL UPPER AND 2LH FRONT WHEEL HUB BOLT PURCHASE	NISSAN AGENT	s36(1)(a)(v)	AO	R2 582.10	40688
30-Oct	CHRIS BAKER & ASS	ONGOING LEGAL MATTERS	NO CONTRACT FOR LEGAL SERVICES – ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R2 371.77	40788
31-Oct	BG SECURITY	SECURITY SERVICES IN VARIOUS BUILDINGS, OLD IEC OFFICES & AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R7 280.00	40787
14-Nov	LAVENDAR HOUSE	ACCOMMODATION FOR MR COTANI	ACCOMMODATION IN KING WILLIAMS TOWN DOES NOT CATER FOR THE NEEDS OF OFFICIALS WHO CARRY AN OFFICE AS THEY ARE EXPECTED TO DISCHARGE THEIR RESPONSIBILITIES WHILE ON STUDY LEAVE. VARIOUS PLACES HAVE BEEN USED AND HAVE BEEN DISSATISFIED.	s36(1)(a)(v)	AO	R4 100.00	40953
10-Nov	CJ VAN DEN BERG	FOLLOW UP WORKSHOP ON ADMINISTRATION OF IMMOVABLE PROPERTY	COUNCIL TOOK A RESOLUTION THAT CJ VAN DEN BERG MUST DO A FOLLOW UP WORKSHOP AND THE FIRST ONE WAS NOT WELL ATTENDED BY COUNCILLORS	s36(1)(a)(v)		R5 200.00	40 887
13-Nov	ABRAHAMSON & REYNOLDS	LEGAL COST ON J MLOMBI TRUCK ACCIDENT	ONGOING LEGAL MATTER	s36(1)(a)(v)	AO	R2 667.60	40945
03-Dec	BG SECURITY	SECURITY SERVICES IN VARIOUS BUILDINGS, OLD IEC OFFICE AND AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R7 505.00	41161
04-Dec	BG SECURITY	AFTERHOURS SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R3 636.60	41184
04-Dec	CHRIS BAKER & ASS	ONGOING LEGAL MATTER	ONGOING LEGAL MATTER	s36(1)(a)(v)	AO	R25 076.01	41221
12-Dec	UNIV FORT HARE	TRAINING FOR CLLR YANTOLO AND MJIKELO	SERVICE PROVIDER CHOSEN BY SALGA AS THEY ARE THE COORDINATORS OF THE PROGRAM	s36(1)(a)(v)	AO	R42 650.00	41277
19-Dec	CHRIS BAKER & ASSOCIATES	ONGOING LEGAL MATTERS	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R17 204.63	41366

COMMUNITY SERVICES DEPARTMENT

31-Oct	SYNOPSIS SMART SOFTWARE	MONTHLY LICENCE FEE & SUPPORT	CURRENT CONTRACT EXPIRED IN JUNE 2014 AND THIS SERVICE WAS PROVIDED FOR THE FOUR MONTHS WHILE THE DEPT IS PREPARING DOCUMENTATION TO RE-ADVERTISE	s36(1)(a)(v)	AO	R7 273.20	40769
20-Nov	STATUS TOYOTA	BRANDING OF TRAFFIC VEHICLE	THE CHEAPEST QUOTATION IS LESS BY R342 FROM STATUS TOYOTA AND THE SERVICE PROVIDER IS IN PE, THE VEHICLE WILL HAVE TO BE TAKEN TO PE. CHOOSING STATUS TOYOTA IS MORE COST EFFECTIVE	s36(1)(a)(v)	AO	R4 446.00	41037
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R14 765.58	41303
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R15 406.70	41300
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R14 454.68	41302
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R15 525.58	42301
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R15 287.24	41296
11-Dec	BG SECURITY	GUARD DUTIES AT BESRTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R15 752.68	41297

MUNICIPAL MANAGER

11-Nov	ACCESS TRAVEL	ACCOMMODATION FOR MADAM MAYOR	LOWEST QUOTE ACCOMMODATION OUT OF TOWN AND ACCESS ROAD NOT SUITABLE TO TRAVEL	s36(1)(a)(v)	AO	R2 892.00	40896
11-Nov	SWEET CONNECTION	PARTY PACKS FOR CHRISTMAS GIFTS FOR VULNERABLE CHILDREN	ONLY ONE QUOTE RECEIVED FROM OUT OF TOWN SERVICE PROVIDER		AO	R30 000.00	40895
09-Dec	STEYNS CAFÉ	REFRESHMENTS FOR COUNCIL MEETING ON 11 DEC	THE LOWEST SERVICE PROVIDER WAS ALREADY BOOKED WHEN CONFIRMATION WAS MADE AND STEYNS WAS USED.	s36(1)(a)(v)	AO	R4 350.00	41204
09-Dec	NMMU	OUTSTANDING PAYMENT FOR GSCO CCMA COURSE FOR Z GUSH	ONLY PROVIDER IN EC THAT OFFERS THE COURSE PART-TIME THE OTHERS ARE IN CT ANF JHB AND IT WILL COST MORE.		AO	R11 040.00	41212

Quarter 3 – DEVIATION REGISTER 01 JANUARY 2015 TO 31 MARCH 2015

TECHNICAL DEPARTMENT

19-Jan	ASD INTERNATIONAL	75mm AND 50mm CLAMPS	THE MUNICIPALITY RAN OUT OF THESE CLAMPS AND THE OTHER COMPANIES WERE CLOSED ALREADY ON THE 19 DEC 2014	s36(1)(a)(i)	AO	R4 138.20	41476
19-Jan	BG SECURITY	TELEPHONE SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R2 859.12	41520
23-Jan	JOSHUA WEST	SANS 10142 LEGAL ELECTRICAL REQUIREMENTS	ONLY SERVICE PROVIDER CURRENTLY PROVIDING FULL COURSE	s36(1)(a)(ii)	AO	R9 118.86	41529

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
23-Jan	GK WATER	REPAIRS & REFURBISHMENT OF ORANGE-FISH PLANT	EMERGENCY AS THE COMMUNITY WAS OUT OF WATER	s36(1)(a)(i)	AO	R217 820.87	41545
18-Feb	BILLY BOTHA ONDERNEMINGS	PURCHASE OF RADIATOR	PURCHASE HAD TO BE MADE BY A TOYOTA AGENT FOR WARRANTY PURPOSES	s36(1)(a)(v)	CFO (ACTING AO)	R5 130.00	41913
13-Feb	FLEETWISE TRUCK & TRAILER	WHEEL RIM PURCHASE	WHEEL RIM AVAILABLE FROM AGENTS ONLY	s36(1)(a)(v)	CFO (ACTING AO)	R2 164.85	41851
23-Mar	BG SECURITY	After hour service	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 3 636.60	42268
23-Mar	GA'SER MODERN MOTOR SERVICES	Repair and Replace Coil	WORK COULD ONLY BE CARRIED OUT BY AGENTS ONLY	s36(1)(a)(v)	AO	R 3 263.36	42293
24-Mar	ARB ELECTRICAL WHOLESALEERS	PURCHASE - cable joint kit to repair the cable special termination joint.	ONLY TWO SUPPLIERS QUOTED FOR THE TYPE OF CABLE JOINT KIT TO REPAIR THE CABLE SPECIAL TERMINATION JOINT	s36(1)(a)(v)	AO	R 5 755.22	42287

FINANCE DEPARTMENT

24-Jan	NOLTE & SMIT	LEGAL FEES - DEBT	DEBTS ALREADY WITH THE ATTORNEYS	s36(1)(a)(v)	AO	4 484.05	41531
27-Jan	VUKA UZENZELE SECURITY	SECURITY SERVICES - WORKSHOP & AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R35 400.00	41567
28-Jan	BG SECURITY	SECURITY SERV - AFTER HOURS	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R3 636.80	41583
28-Feb	VUKA UZENZELE	SECURITY SERVICE - WORKSHOP & AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	CFO (ACTING AO)	R 35 400	41975
26-Feb	BG SECURITY	GUARD DUTY JANUARY 2015	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	CFO (ACTING AO)	R11 505.13	41982
27-Jan	BG SECURITY	GUARD DUTIES FROM 01-31 DECEMBER 2014	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 11 904.02	41811
28-Jan	BG SECURITY	SECURITY SERVICES AT FINANCE DEPARTMENT.	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 13 872.26	41820
13-Feb	IMFO	REGISTRATION FEES WOMEN LEADERSHIP SEMINAR	PROFESSIONAL BODY REPRESENTING LG FINANCE FRATERNITY	s36(1)(a)(ii)	CFO (ACTING AO)	R 5 328	41852
02-Jun	DE KLERKS BODY REPAIRS	EXCESS FEE ON INSURANCE CLAIM.	THIS IS AN INSURANCE CLAIM EXCESS FEE AND THE S/P WAS APPROVED OUR INSURER	s36(1)(a)(v)	DIR CORP SERV (ACTING AO)	R 3 000.00	41763
02-Jun	DE KLERKS BODY REPAIRS	EXCESS FEE ON INSURANCE CLAIM	THIS IS AN INSURANCE CLAIM EXCESS FEE AND THE S/P WAS APPROVED OUR INSURER.	s36(1)(a)(v)	DIR CORP SERV (ACTING AO)	R 3 000.00	41780
02-Nov	PRINTEGRATION	SERVICE AND REPAIRS ON TALLY PRINTERS	PRINTEGRATION IS THE ONLY SERVICE PROVIDER THAT WE COULD FIND TO SERVICE THE TALLY PRINTERS THAT IS UTILISED FOR THE PRINTING OF THE MUNICIPAL ACCOUNTS, REPORTS AND PAYSLEIPS.	s36(1)(a)(ii)	AO	R 9 462.00	41808
23-Mar	BG SECURITY	GUARD DUTIES - DEPOT	OUT OF THE 3 SECURITY COMPANIES THAT ARE ON OUR DATABASE, VUKA UZENZELE SECURITY IS THE ONLY ONE WHO HAVE BEEN DEREGISTERED ON PSIRA (WAS THE CHEAPEST BUT NOT COMPLIANT) AND WE AWARDED TO THE 2 ND CHEAPEST SERVICE PROVIDER.	s36(1)(a)(v)	DIR CORP SERV (ACTING AO)	R 22 896.94	42295
23-Mar	FREMA CONSULTANTS	GUARD DUTIES - SLUECE	OUT OF THE 3 SECURITY COMPANIES THAT ARE ON OUR DATABASE, VUKA UZENZELE SECURITY IS THE ONLY ONE WHO HAVE BEEN DEREGISTERED ON PSIRA (WAS THE CHEAPEST BUT NOT COMPLIANT) AND WE AWARDED TO THE 2 ND CHEAPEST SERVICE PROVIDER..	s36(1)(a)(v)	DIR CORP SERV (ACTING AO)	R 18 912.20	42296
17-Mar	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL DEBTOR HANDOVERS ON BEHALF OF THE BCM	s36(1)(a)(v)	AO	R 4 006.61	42214
17-Mar	PRINTEGRATION	SERVICE AND REPAIR TALLYPRINTERS.	PRINTEGRATION IS THE ONLY SERVICE PROVIDER TO SERVICE AND REPAIR TALLY PRINTERS.	s36(1)(a)(ii)	DIR CORP SERV (ACTING AO)	R 7 912.26	42215
17-Mar	BG	SECURITY SERV TOWN HALL	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R13 872.26	42198
03-Dec	BG	SECURITY MAYOR	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R36 111.25	42164
25-Feb	NOLTE	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL DEBTOR HANDOVERS ON BEHALF OF THE BCM	s36(1)(a)(v)	AO	R3 064.65	42036

CORPORATE SERVICES DEPARTMENT

20-Jan	NOLTE & SMIT	LEGAL FEES	ONGOING LEGAL CASE	s36(1)(a)(v)	DIR CORP SERV (Acting AO)	R 50 000	41498
26-Jan	BG SECURITY	SECURITY SERVICES - AIRFIELD	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R7 505.00	41568
18-Feb	NOLTE & SMIT	DEPOSIT TO SECURE ADVOCATE OPINION	ONGOING LEGAL CASE	s36(1)(a)(v)	CFO (Acting AO)	R 15 000	41884
02-Dec	BG SECURITY	ALARM INSTALLATION OF THE AEROVILLE MULTI-PURPOSE CENTRE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 22 764.31	41834
02-Oct	ABRAHAMSON & REYNOLDS	LEGAL SERV	ONGOING LEGAL MATTER	s36(1)(a)(v)	AO	R 10 321.88	41770
17-Mar	CHRIS BAKER AND ASSOCIATES	LEGAL FEES IRO E RANKWANA AND IRO P DREYER.	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R 4 938.30	42207
19-Mar	SMITH TABATHA	LEGAL SERVICES	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R10 958.43	42206
17-Mar	BG SECURITY	SECURITY SERV - AIRFIELD & OLD IEC	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 7 755	42204
03-Apr	NOLTE & SMIT	LEGAL FEES	ONGOING LEGAL MATTERS	s36(1)(a)(v)	CFO (Acting AO)	R23 745.31	42060
03-May	CHRIS BAKER & ASSOCIATES	LEGAL FEES	ONGOING LEGAL MATTERS	s36(1)(a)(v)	CFO (Acting AO)	R13 145.34	42079

COMMUNITY SERVICES DEPARTMENT

09/01/2015	ALLCUT POWER PRODUCTS	SERVICE AND REPAIR OF EDGE CUTTER	THE ITEM IS STILL UNDER GUARANTEE AND WAS BOUGHT FROM ALLCUT	s36(1)(a)(v)	CFO (Acting AO)	R3 249.17	41408
21-Jan	ALGOA TOYOTA	TRUCK SERVICE	HINO AGENT	s36(1)(a)(v)	AO	R4 238.60	41521
19-Feb	DELSLEY JOINERY CC	BEDS AND MATTRESSES FOR BESTERSHOEK	ONLY SERVICE PROVIDER LOCALLY THAT CAN DO THE BEDS TO SPECIFICATIONS	s36(1)(a)(v)	CFO (Acting AO)	R22 275.60	41916

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
26-Feb	BG SECURITY	SECURITY & CIT SERVICES - BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	CFO (Acting AO)	R16 891.33	41999
02-Sep	ALL CUT POWER PRODUCTS	SERVICING AND REPAIRS OF EDGE CUTTERS.	THE MACHINE IS STILL UNDER GUARANTEE AND IS BOUGHT FROM ALL CUT. IN ORDER NOT TO FORFEIT THE GUARANTEE THE MACHINES MUST BE SERVICED BY ALL CUT POWER PRODUCTS	s36(1)(a)(v)	AO	R 5 819.62	41749
02-Sep	BG SECURITY	CIT SERVICES AND GUARD DUTIES AT BESTERSHOEK.	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 19 774.73	41748
17-Mar	BG SECURITY	CIT AND SECURITY BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 15 431.34	42232

MUNICIPAL MANAGER

14-Jan	NOLTE & SMIT	ACCOMODATION FOR CLLR MJKELO	CLLR'S HOUSE WAS BURNT DOWN DURING RIOTS IN COOKHOUSE	s36(1)(a)(v)	AO	R5 000.00	41530
23-Jan	NOLTE AND SMIT ATTORNEYS	ACCOMMODATION FOR CLLR MJKELO	CLLR'S HOUSE WAS BURNT DOWN DURING RIOTS IN COOKHOUSE - 3 QUOTES INITIALLY OBTAINED BUT CUMULATIVE AMOUNT EXCEEDS THRESHOLD	s36(1)(a)(v)	AO	R 5 000.00	41612
27-Jan	BG SECURITY	GUARD DUTIES MAYORS HOUSE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 19 867.85	41613

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TECHNICAL DEPARTMENT

02-Apr	B G SECURITY	TELEPHONE SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 2 859.12	42371
10-Apr	A&D POWER	EMERGENCY REPAIR TO SUPPLY CABLE FROM ESKOM TO MAIN SUBSTATION	THERE WAS A SHORT CIRCUIT ON THE SUPPLY CABLE TO BCMR WHICH RESULTED TO INTERNAL LOAD SHEDDING	s36(1)(a)(v)	AO	R 16 222.20	42428
17-Apr	ALGOA TOYOTA	SERVICE VEHICLE	AGENTS ONLY ALLOWED TO SERVICE VEHICLE FOR WARRANTY PURPOSES	s36(1)(a)(v)	CFO (ACTING AO)	R 7 562.90	42501
23-Apr	CAT MOTORS CC	REPAIRS TO PLANT - CAT	AGENTS ONLY CAT GRADED	s36(1)(a)(v)	AO	R 2 593.05	42548
23-Apr	B G SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 3 636.60	42562
29-Apr	B G SECURITY	TELEPHONE SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 2 859.12	42602
06-May	BOSCHBERG SUB AREA	BOARD RATES	THIS IS BOARD MANAGING THE CANAL THAT TAKES WATER FROM THE FISH RIVER THROUGH TO COOKHOUSE AND SOMERSET EAST	s36(1)(a)(v)	AO	R 19 760.76	42656
14-May	BG SECURITY	SUPPLY AND INSTALL 11KV CABLE AT MAIN SUBSTATION	AEROVILLE FEEDER WAS DAMAGED DURING LOAD SHEDDING ON 18 APRIL 2014. A TEMPORARY CABLE WAS USED TO LINK AEROVILLE TO COOKHOUSE, THIS COULD LEAD IN THE LOSS OF BOTH FEEDERS IF NOT REPAIRED	s36(1)(a)(v)	AO	R 15 595.20	42743
19-May	BG SECURITY	AFTER HOURS SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 3 636.60	42776
20-May	BABCOCK EQUIPMENT	VOE15171623 SEALING KIT	AGENTS CAN ONLY SUPPLY PARTS	s36(1)(a)(v)	AO	R 2 027.95	42787
25-May	BG SECURITY	AFTER HOURS SERVICE	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 2 859.12	42838
03/06/2015	NBK TRADING (PTY) LTD	BREAKFAST; TEA AND SANDWICHES	ONLY 2 QUOTATIONS RECEIVED, COULDN'T REACH THE OTHER SUPPLIERS/CATERERS. QUOTATION HAVE BEEN REQUESTED FROM SIBABALWE, NBK TRADING AND MASIZAKHE. MASIZAKHE DID NOT SUBMIT AND THE OTHER CATERERS DID NOT ANSWER THEIR PHONES. AS THERE WAS NOT ENOUGH TIME, IT WAS DECIDED TO USE THE AVAILABLE CATERER	s36(1)(a)(v)	AAO	R 1 925.00	42832
03/06/2015	SIBABALWE SILINDOKUHLE CATERING	LUNCH FOR 55 PEOPLE ATTENDING CWP MEETING	ONLY 2 QUOTATIONS RECEIVED, COULDN'T REACH THE OTHER SUPPLIERS/CATERERS. QUOTATION HAVE BEEN REQUESTED FROM OTHER CATERERS. MASIZAKHE DID NOT SUBMIT THEN THE OTHER CATERES DID NOT ANSWER THEIR PHONES. AS THERE WAS NOT ENOUGH TIME, IT WAS DECIDED TO USE THE AVAILABLE CATERER	s36(1)(a)(v)	AAO	R 4 125.00	42933
10/06/2015	ALGOA TOYOTA	40000 KM SERVICE	AGENTS - ONLY ALGOA HINO CAN SERVICE VEHICLES TO SAFE-GUARD WARRANTY	s36(1)(a)(v)	AO	R 2 502.25	42977
22/06/2015	BG SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AAO	R 3 636.60	43039

FINANCE DEPARTMENT

20-Apr	NOLTE & SMIT	LEGAL FEES	DEBTS ALREADY WITH THE ATTORNEYS FOR COLLECTION - COMMISSION PAYMENTS	s36(1)(a)(v)	CFO (Acting AO)	R 4 774.76	42509
23-Apr	B G SECURITY	GUARD DUTIES AT SOMERSET EAST AIRFIELD	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SP'S VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	CFO (Acting AO)	R 9 408.10	42557
24-Apr	B G SECURITY	SECURITY SERVICES AT TOWN HALL	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R13 872.26	42577
08-May	NOLTE & SMIT	LEGAL FEES	DEBTS ALREADY WITH THE ATTORNEYS FOR COLLECTION - COMMISSION PAYMENTS	s36(1)(a)(v)	AO	R 2 285.53	42660
25-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	GENERAL MUNICIPAL BILLING-SAMRAS TRAINING 8 TO 12 JUNE 2015	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS - SOLE PROVIDER	s36(1)(a)(v)	AO	R 9 490.50	42641
27-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SAMRAS LEDGER REPORTS DEVELOP TIME	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS - SOLE PROVIDER	s36(1)(a)(v)	AO	R 3 847.00	42858
06-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SPLITTING 14/15 CASUAL DATA	SERVICE PROVIDER FOR BCMR FINANCIAL SYSTEM - SOLE PROVIDER	s36(1)(a)(v)	AO	R 5 586.00	42666
04-May	BG SECURITY	SECURITY SERVICES AT FINANCE TOWN HALL	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 13 872.26	42715
02/06/2015	TIMES MEDIA EC	PLACEMENT OF NOTICE 18/2015	NEWSPAPER WE HAVE TO ADVERTISE IN AS IT COVERS THE REGION FOR WIDE SPREAD OF ADVERTISING	s36(1)(a)(v)	AO	R 7 079.40	42906

DATE	COMPANY NAME	DESCRIPTION OF GOODS/SERVICES	REASON FOR DEVIATION	SCM REG#	AUTHORISED BY	VALUE	ORDER#
03/08/2015	PRINT DIRECT	BOXES METER CARDS	LITHOTECH AND PRINT DIRECT ARE THE ONLY SERVICE PROVIDERS ON OUR DATABASE THAT ARE PRINTING THE BCMR' S METER CARDS	s36(1)(a)(v)	AAO	R 11 693.32	42923
04/06/2015	BG SECURITY	GUARD DUTIES: AIRFIELD AND GUARD DUTIES : MAYORS HOUSE	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE	s36(1)(a)(v)	AAO	R 27 432.05	42942
05/06/2015	BG SECURITY	SECURITY SERVICES AT FINANCE DEPARTMENT TOWN HALL	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AAO	R 13 872.26	42956
08/06/2015	KORBTEC PTY LTD T/A WINDEED	PROPERTY ENQUIRY DEEDS OFFICE	THE MUNICIPALITY HAS TO MAKE USE OF WINDEED' S WEBSITE IN ORDER TO OBTAIN THE RELEVANT INFORMATION ON ERVEN SITUATED WITHIN THE BCMR	s36(1)(a)(v)	AAO	R 2 655.37	42981
10/06/2015	SOMERSET BUDGET	PLACEMENT OF NOTICE 2015/16 2015/16 IDP & BUDGET	LOCAL NEWSPAPER THAT WE HAVE TO ADVERTISE IN TO REACH THE COMMUNITY/STAKEHOLDERS AS PER LEGISLATIVE REQUIREMENTS	s36(1)(a)(v)	AO	R 3 693.60	42989
10/06/2015	TIMES MEDIA EC	PLACEMENT OF NOTICE 16/2015 IDP 2015/16 BUDGET 2015/16 TARIFF	NEWSPAPER WE HAVE TO ADVERTISE IN AS IT COVERS THE REGION FOR WIDE SPREAD OF ADVERTISING	s36(1)(a)(v)	AO	R 13 151.04	42988
15/06/2015	NOLTE & SMIT	LEGAL FEES	DEBTS ALREADY WITH THE ATTORNEYS FOR COLLECTION - COMMISSION PAYMENTS	s36(1)(a)(v)	AO	R 4 789.16	43005

CORPORATE SERVICES DEPARTMENT

07-Apr	CHRIS BAKER AND ASSOCIATES INC	ONGOING LEGAL MATTERS	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R 29 111.61	42389
23-Apr	B G SECURITY	SECURITY SERVICES IRO VARIOUS BUILDINGS	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 7 755.00	42567
04-May	B G SECURITY	SECURITY SERVICES IRO VARIOUS BUILDINGS	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 7 755.00	42632
14-May	B G SECURITY	SECURITY SERVICES AT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 17 064.09	42727
02/06/2015	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES	ONGOING LEGAL FEES	s36(1)(a)(v)	AO	R 36 765.21	42911
02/06/2015	NOLTE & SMIT	LEGAL FEES	ONGOING LEGAL FEES	s36(1)(a)(v)	AO	R 4 624.80	42912
24/06/2015	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO APRIL 2015 E RANKWANA LEGAL COSTS IRO G SAMMY AND LEGAL FEES IRO APRIL 2015 RE IMATU OBO 1 HENDRICKS GENERAL MATTERS	ONGOING LEGAL MATTERS	s36(1)(a)(v)	AO	R 6 338.83	43058
24/06/2015	SMITH TABATA INCORPORATED	LEGAL FEES IN RE PINOLTA & CLAASEN 18/5-08/06/2015	ONGOING LEGAL COSTS	s36(1)(a)(v)	AO	R 130 060.24	43061
24/06/2015	SMITH TABATA INCORPORATED	LEGAL FEES RE PINOLTA & CLAASEN	ONGOING LEGAL CASES	s36(1)(a)(v)	AO	R 301 059.73	43080
26/06/2015	SALGA (2)	JOB EVALUATION SYSTEM COSTS FOR 2014/15	PROVINCIAL WIDE PROJECT - IMPRACTICAL TO FOLLOW PROCUREMENT PROCESSES	s36(1)(a)(v)	AO	R 20 000.00	43073

COMMUNITY SERVICES DEPARTMENT

14-Apr	OLIVER SOMERSET EAST	IT WILL BE MUCH CHEAPER IF OLIVER RETREADERS IN SOMERSET EAST BE	R895 DIFFERENCE VS TWO TRUCKS GOING 100 KM TO CRADOCK.	s36(1)(a)(v)	AO	R 7 800.00	42483
21-Apr	B G SECURITY	CIT AND SECURITY SERVICES AT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 15 403.53	42540
14-May	B G SECURITY	SECURITY SERVICES AT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 17 064.09	42727
03/06/2015	DMJ SPLICE CAST SYSTEMS	225/70/R15 NEW TYRE DURA MAX	THE DIFFERENCE BETWEEN THE LOWEST AND THIS SERVICE PROVIDER IS R32.80 AND THE LOWEST SERVICE PROVIDER IS 105KM AWAY (CRADOCK). IT WILL NOT BE WORTH IT TO SPEND MORE MONEY OF FUEL, DAY'S SALARY AND WEAR AND TEAR.	s36(1)(a)(v)	AO	R 2 860.00	42934
05/06/2015	CHRIS BAKER AND ASSOCIATES INC	K VAN NIEKERK MATTER	CHRIS BAKER AND ASSOCIATES IS ALREADY DEALING WITH OTHER SIMILAR CASES OF THE MUNICIPALITY AND THIS CASE MIGHT HAVE A BEARING ON OTHERS ALSO	s36(1)(a)(v)	AAO	R 2 048.30	42952
19/06/2015	BG SECURITY	CIT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AAO	R 456.00	43027
19/06/2015	PRODIBA (PTY) LTD	LCU CATRIDGE	PRODIBA (DRIVING LICENCE FACILITIES) IS THE SOLE PROVIDER OF THIS SPECIFIC CATRIDGES FOR THE LCU (LIVE SCAN UNIT). THE PRINTING OF THE DOCUMENTS (EYETESTS) IS VAGUE.	s36(1)(a)(v)	AAO	R 2 373.48	43026
24/06/2015	BG SECURITY	CIT SECURITY SERVICES BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 16 921.86	43053

MUNICIPAL MANAGER

05-May	MBHALENTLE CATERING	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	s36(1)(a)(v)	AO	R 2 250.00	42637
10/08/2015	BYTES TECHNOLOGY GROUP SOUTH AFRICA	DEVELOPMENT TIME AND PROJECT MANAGEMENT	BYTES IS THE ONLY SERVICE PROVIDER, AND ONLY THEY CAN WORK WITHON THE FINANCIAL SYSTEM - SOLE PROVIDER	s36(1)(a)(v)	AO	R 6 577.80	42981

