



[These financial statements have been audited]

FINANCIAL STATEMENTS

30 JUNE 2015

SENQU MUNICIPALITY

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SENQU MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

GENERAL INFORMATION

NATURE OF BUSINESS

Senqu Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Senqu Municipality includes the following areas:

<i>Lady Grey</i>	<i>Rhodes</i>
<i>Barkly East</i>	<i>Herschel</i>
<i>Sterkspruit</i>	<i>Rossouw</i>

MEMBERS OF THE EXECUTIVE COMMITTEE

NY Mtyali
MW Mpelwane
GN Mbonyana
NM Kwinana
MJ Sereba
M Mafilika
J Constable

MUNICIPAL MANAGER

M M Yawa

CHIEF FINANCIAL OFFICER

C R Venter

REGISTERED OFFICE

*P.O. Box 18
Lady Grey
9755*

AUDITORS

Auditor-General
P O Box 13252
East London

PRINCIPLE BANKERS

Standard Bank

ATTORNEYS

Le Roux Attorneys
101 Cape Road
Port Elizabeth

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Amendment Act 47 of 2013
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act 20 of 2013)
Supply Chain Management Regulations, 2005
Labour Relation Amendment Act (Act 6 of 2014)
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations
Upper limits on the salaries, allowances and benefits for members of Municipal Councils for the 2014/2015 financial year
(Government Gazette No. 38608)

SENQU MUNICIPALITY

MEMBERS OF THE SENQU MUNICIPALITY

WARD	COUNCILLOR
1	B.S Majodina
2	P.G. Key
3	N. Nombula
4	N. M. Kwinana
5	J Lamani
6	N.C Mraji
7	M.B Gojo
8	M.G. Moeletsi
9	A.P April
10	S. Mfisa
11	M.N Ngedane
12	M.P Bingwa
13	L.M Tokwe
14	M.J Mjali
15	S.S Ndzongana
16	M.M Mafilika
17	P.N August
18	B. Ngogodo
19	N.C Motemekoane
Proportional	G. Mbonyana
Proportional	N.Y Mtyali
Proportional	G.N Mvunyiswa
Proportional	I.S Van De Walt
Proportional	A.H Sobhuza
Proportional	I. Elia
Proportional	A. P. Kwinana
Proportional	J. Constable
Proportional	M. A Mshasha
Proportional	M. Senoamali
Proportional	N.M Nthako
Proportional	M.J Sereba
Proportional	R.M Joubert
Proportional	M.W. Mpelwane
Proportional	M.A Mangali
Proportional	S. Mziki
Proportional	I Mosisidi
Proportional	S.S Tindleni

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2015, which are set out on pages 1 to 89 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2015 and is satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

M M Yawa
Municipal Manager

Date

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
NET ASSETS AND LIABILITIES			
Net Assets		436 826 210	374 376 543
Revaluation Reserve	2	16 402 298	2 041 475
Accumulated Surplus	2	420 423 913	372 335 068
Non-Current Liabilities		29 589 459	28 474 505
Long-term Liabilities	3	12 842 254	13 645 472
Employee benefits	4	12 388 985	11 112 914
Non-Current Provisions	5	4 358 220	3 716 119
Current Liabilities		34 523 551	29 433 533
Consumer Deposits	6	1 238 851	1 118 521
Current Employee benefits	7	7 830 488	6 290 305
Payables from exchange transactions	8	7 883 451	9 927 462
Unspent Conditional Government Grants and Receipts	9	16 761 727	11 300 729
Operating Lease Liability	19.1	6 240	4 743
Current Portion of Long-term Liabilities	3	802 795	791 775
Total Net Assets and Liabilities		500 939 221	432 284 581
ASSETS			
Non-Current Assets		298 131 191	250 706 555
Property, Plant and Equipment	11	279 610 731	237 193 097
Capitalised Restoration Cost	12	1 293 601	1 159 953
Investment Property	14	17 024 205	12 193 500
Intangible Assets	15	202 654	160 005
Non-Current Assets Held for Sale	13	-	-
Current Assets		202 808 029	181 578 026
Inventory	16	1 382 197	2 019 541
Receivables from exchange transactions	17	9 404 029	8 124 368
Receivables from non-exchange transactions	18	2 196 315	1 544 824
Unpaid Conditional Government Grants and Receipts	9	-	986 071
Operating Lease Asset	19.2	271 412	297 191
Taxes	10	6 094 235	5 616 076
Cash and Cash Equivalents	20	183 459 842	162 989 955
Total Assets		500 939 221	432 284 581

SENQU MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

		2015	2014	2014
			Restated - Note	Previously
	Notes	R	and Note 35	Reported
			R	R
REVENUE				
Revenue from Non-exchange Transactions		164 129 863	152 758 100	152 758 100
Taxation Revenue		4 607 033	4 492 262	4 492 262
Property taxes	21	4 607 033	4 492 262	4 492 262
Transfer Revenue		151 993 584	147 213 069	147 213 069
Government Grants and Subsidies - Capital	22	27 636 029	35 686 172	35 686 172
Government Grants and Subsidies - Operating	22	124 357 555	111 526 897	111 526 897
Other Revenue		7 529 246	1 052 770	1 052 770
Actuarial Gains		544 767	719 302	719 302
Fines		421 140	34 000	34 000
Third Party Payments		846 589	295 374	295 374
Reversal of Impairment	12	-	4 094	4 094
Gain on Fair Value Adjustments of Investment Property	14	5 716 750	-	-
Revenue from Exchange Transactions		45 122 410	41 265 406	41 288 815
Service Charges	23	29 278 523	26 051 651	26 051 651
Rental of Facilities and Equipment		613 671	477 529	500 938
Interest Earned - external investments		10 511 716	8 881 444	8 881 444
Interest Earned - outstanding debtors		1 969 792	1 544 494	1 544 494
Licences and Permits		1 301 031	1 548 437	1 548 437
Agency Services		575 141	1 956 462	1 956 462
Other Income	24	872 535	805 390	805 390
Total Revenue		209 252 273	194 023 506	194 046 915
EXPENDITURE				
Employee Related Costs	25	54 496 367	48 400 117	48 400 117
Remuneration of Councillors	26	10 399 123	9 580 309	9 580 309
Debt Impairment	27	4 554 196	5 092 904	5 092 904
Depreciation and Amortisation	28	15 774 071	11 794 120	11 766 313
Impairment	12	117 632	-	-
Repairs and Maintenance	29	4 613 355	3 344 977	3 758 247
Actuarial losses	4	-	133 513	133 513
Finance Charges	30	1 340 717	1 280 551	1 280 551
Bulk Purchases	31	20 079 250	19 424 456	19 424 456
Grants and Subsidies Paid	32	479 587	110 773	110 773
Other Operating Grant Expenditure	33	8 164 611	6 612 811	12 224 561
General Expenses	34	35 809 092	29 894 227	24 312 019
Loss on disposal of PPE/Investment Property	11	264 481	1 917 885	1 925 704
Impairment of Investment Assets	14	886 045	-	-
Impairment of Property, Plant and Equipment	11	4 184 901	-	-
Total Expenditure		161 163 428	137 586 643	138 009 468
NET SURPLUS FOR THE YEAR		48 088 845	56 436 864	56 037 447

SENQU MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 R (Actual)	2014 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		34 262 930	33 317 817
Government		158 440 654	134 304 377
Interest		10 511 716	8 881 444
Payments			
Suppliers		(80 991 139)	(67 013 601)
Employees		(51 135 346)	(46 108 360)
Finance charges		(1 340 717)	(1 280 551)
Transfers and Grants		(479 587)	(110 773)
Cash generated by operations	37	69 268 510	61 990 352
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(48 331 283)	(52 700 572)
Proceeds on Disposal of Fixed Assets		316 074	127 662
Purchase of Intangible Assets		(111 547)	(56 351)
Net Cash from Investing Activities		(48 126 756)	(52 629 261)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(792 197)	(793 324)
Increase in Consumer Deposits		120 330	169 255
Net Cash from Financing Activities		(671 867)	(624 069)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20 469 887	8 737 022
Cash and Cash Equivalents at the beginning of the year		162 989 955	154 252 933
Cash and Cash Equivalents at the end of the year	38	183 459 842	162 989 955
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		20 469 887	8 737 022

SENQU MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2015

	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R
Balance at 30 JUNE 2013	1 609 934	311 807 017	313 416 951
Correction of error - Note - 35.07	-	4 091 187	4 091 187
Restated Balance at 1 JULY 2013	1 609 934	315 898 204	317 508 138
Net Surplus/(Deficit) for the year	-	56 436 864	56 436 864
Revaluation on Land and Buildings	431 541	-	431 541
Balance at 30 JUNE 2014	2 041 475	372 335 068	374 376 542
Net Surplus/(Deficit) for the year	-	48 088 845	48 088 845
Revaluation on Land and Buildings	14 360 823	-	14 360 823
Balance at 30 JUNE 2015	16 402 298	420 423 913	436 826 210

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
ASSETS				
Current assets				
Cash	2 163 243	1 200 000	963 243	80% Balance of bank at year-end after year-end payments
Call investment deposits	181 296 599	116 487 176	64 809 424	56% Increase in available cash
Consumer debtors	9 606 286	18 677 063	(9 070 777)	-49% Anticipated effect of increased debtors
Other Receivables	8 359 704	7 062 477	1 297 227	18% Increase in VAT Receivable
Inventory	1 382 197	2 167 120	(784 923)	-36% More inventory consumed for capital projects
Total current assets	<u>202 808 029</u>	<u>145 593 836</u>	<u>57 214 194</u>	
Non current assets				
Investment property	17 024 205	8 663 500	8 360 705	97% Restatement on Investment Properties - See note 14
Property, plant and equipment	280 904 332	273 573 810	7 330 523	3% Revaluation on land and buildings
Intangible Assets	202 654	160 005	42 649	27% Additions to Intangible assets
Total non current assets	<u>298 131 191</u>	<u>282 397 315</u>	<u>15 733 877</u>	
TOTAL ASSETS	<u>500 939 221</u>	<u>427 991 150</u>	<u>72 948 070</u>	
LIABILITIES				
Current liabilities				
Borrowing	802 795	812 084	(9 289)	-1% Less paid than budgeted for
Consumer deposits	1 238 851	1 121 031	117 819	11% Increase in Consumers
Trade and other payables	24 651 417	9 133 094	15 518 323	170% Effect of Unspent Grants
Provisions and Employee Benefits	7 830 488	6 295 047	1 535 441	24% Increase in Provision for Compensation Commissioner and Staff Leave
Total current liabilities	<u>34 523 551</u>	<u>17 361 257</u>	<u>17 162 294</u>	
Non current liabilities				
Borrowing	12 842 254	12 833 387	8 867	0%
Provisions and Employee Benefits	16 747 205	15 029 033	1 718 172	11% Improved calculation of landfill site provisions
Total non current liabilities	<u>29 589 459</u>	<u>27 862 421</u>	<u>1 727 039</u>	
TOTAL LIABILITIES	<u>64 113 010</u>	<u>45 223 677</u>	<u>18 889 333</u>	
NET ASSETS	<u>436 826 210</u>	<u>382 767 473</u>	<u>54 058 737</u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	294 677 385	259 603 454	35 073 931	14% Appropriation to reserves
Reserves	142 148 825	123 164 019	18 984 806	15% Increase in Revaluation Reserve due to Revaluation on Land and Buildings
TOTAL COMMUNITY WEALTH/EQUITY	<u>436 826 209</u>	<u>382 767 473</u>	<u>54 058 737</u>	

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2015 R (Approved Budget)	2015 R (Adjustments)	2015 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
ASSETS				
Current assets				
Cash	1 200 000	-	1 200 000	0%
Call investment deposits	77 750 258	38 736 918	116 487 176	33% Increased to a more realistic amount comparing to the 2014 financial statements
Consumer debtors	14 922 694	3 754 369	18 677 063	20% Increased to a more realistic amount comparing to the 2014 financial statements
Other Receivables	2 555 093	4 507 384	7 062 477	64% Increased to a more realistic amount comparing to the 2014 financial statements
Inventory	4 410 517	(2 243 397)	2 167 120	-104% Decreased to a more realistic amount comparing to the 2014 financial statements
Total current assets	100 838 562	44 755 274	145 593 836	
Non current assets				
Investment property	10 262 000	(1 598 500)	8 663 500	-18% Decreased to restated amount on Investment Properties in the 2014 financial statements
Property, plant and equipment	295 347 832	(21 774 022)	273 573 810	-8% Decreased to a more realistic amount comparing to the 2014 financial statements
Intangible Assets	133 132	26 873	160 005	17% Increased to a more realistic amount comparing to the 2014 financial statements
Total non current assets	305 742 964	(23 345 649)	282 397 315	
TOTAL ASSETS	406 581 526	21 409 625	427 991 150	
LIABILITIES				
Current liabilities				
Borrowing	893 324	(81 239)	812 084	-10% Decreased to a more realistic amount comparing to the 2014 financial statements
Consumer deposits	1 105 967	15 065	1 121 031	1% Increased to a more realistic amount comparing to the 2014 financial statements
Trade and other payables	1 983 781	7 149 313	9 133 094	78% Increased to a more realistic amount comparing to the 2014 financial statements
Provisions and Employee Benefits	5 971 030	324 017	6 295 047	5% Increased to a more realistic amount comparing to the 2014 financial statements
Total current liabilities	9 954 101	7 407 156	17 361 257	
Non current liabilities				
Borrowing	12 718 896	114 491	12 833 387	1% Increased to a more realistic amount comparing to the 2014 financial statements
Provisions and Employee Benefits	18 742 560	(3 713 527)	15 029 033	-25% Decreased to a more realistic amount comparing to the 2014 financial statements
Total non current liabilities	31 461 457	(3 599 036)	27 862 421	
TOTAL LIABILITIES	41 415 557	3 808 120	45 223 677	
NET ASSETS	365 165 968	17 601 505	382 767 473	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	271 175 039	(11 571 585)	259 603 454	-4% Decreased with appropriation to reserves amount for 2013/2014
Reserves	93 990 930	29 173 090	123 164 019	24% Increase in contribution to reserves
TOTAL COMMUNITY WEALTH/EQUITY	365 165 968	17 601 505	382 767 473	

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE				
Property rates	4 607 033	6 201 207	(1 594 175)	-26% Anticipated valuation roll increases
Service charges	29 278 523	23 963 192	5 315 331	22% Increased efficiency of electricity reticulation and metering
Rental of facilities and equipment	613 671	294 675	318 996	108% Greater demand for rental of municipal assets
Interest earned - external investments	10 511 716	6 000 000	4 511 716	75% Improved budgetary control and investment of excess fund
Interest earned - outstanding debtors	1 969 792	1 048 418	921 374	88% Increase in Consumer Debtors
Fines	421 140	63 600	357 540	562% Implementation of iGRAP 1 not budgeted for
Licences and permits	1 301 031	1 208 400	92 631	8% Service Delivery at Traffic Test Station improved
				Provision made in budget for agency services for Water and Sanitation function that were
Agency services	575 141	2 228 160	(1 653 018)	-74% transferred to District Municipality
Government Grants and Subsidies - Operating	124 357 555	122 266 208	2 091 347	2% Increased PMU activities due to increased number of projects
				Gains on Fair Value Adjustments of Investment Property and restatements of Investment
Other revenue	7 980 641	2 132 020	5 848 621	274% Properties
Total Operating Revenue	<u>181 616 244</u>	<u>165 405 881</u>	<u>16 210 363</u>	
EXPENDITURE BY TYPE				
Employee related costs	54 496 367	61 773 916	(7 277 548)	-12% Late appointments for vacant posts
Remuneration of councillors	10 399 123	10 760 323	(361 200)	-3% Unknown increase of upper limits by time of budget process
Debt impairment	4 554 196	4 568 607	(14 411)	0%
Depreciation & asset impairment	20 962 648	27 902 090	(6 939 442)	-25% Restatements on Property, Plant and Equipment not budgeted for
Finance charges	1 340 717	1 639 149	(298 432)	-18% Improved calculation of actual interest on landfill site
Bulk purchases	20 079 250	28 544 741	(8 465 490)	-30% Increase efficiency of electricity reticulation and metering
Grants and subsidies paid	479 587	483 000	(3 413)	-1% Paid less than budgeted for
Other expenditure	48 587 058	53 382 610	(4 795 552)	-9% Improved expenditure control management
Loss on disposal of PPE	264 481	-	264 481	100% Did not predict loss on disposals of assets
Total Operating Expenditure	<u>161 163 428</u>	<u>189 054 435</u>	<u>(27 891 008)</u>	
Operating Surplus/(Deficit) for the year	<u>20 452 816</u>	<u>(23 648 555)</u>	<u>44 101 371</u>	
Government Grants and Subsidies - Capital	27 636 029	36 513 171	(8 877 142)	-24% Unspent MIG funding committed to projects already initiated
Net Surplus for the year	<u><u>48 088 845</u></u>	<u><u>12 864 617</u></u>	<u><u>35 224 228</u></u>	

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
REVENUE BY SOURCE				
Property rates	4 520 998	1 680 209	6 201 207	27% Anticipated valuation roll increases
Service charges	23 163 192	800 000	23 963 192	3% Increase efficiency of electricity reticulation and metering
Rental of facilities and equipment	294 675	-	294 675	0%
Interest earned - external investments	6 000 000	-	6 000 000	0%
Interest earned - outstanding debtors	898 418	150 000	1 048 418	14% Increase in Consumer Debtors
Fines	63 600	-	63 600	0%
Licences and permits	1 208 400	-	1 208 400	0%
Agency services	2 228 160	-	2 228 160	0%
Government Grants and Subsidies - Operating	119 987 509	2 278 699	122 266 208	2% Adjustment for Unspent grants in the 2014 financial statements
Other revenue	386 520	1 745 500	2 132 020	82% Gains on Fair Value Adjustments of Investment Property
Total Operating Revenue	<u>158 751 473</u>	<u>6 654 408</u>	<u>165 405 881</u>	
EXPENDITURE BY TYPE				
Employee related costs	55 967 164	5 806 752	61 773 916	9% Increased to a more realistic amount after organisational restructuring
Remuneration of councillors	10 630 123	130 200	10 760 323	1% Increased to a more realistic amount comparing to the 2014 financial statements
Debt impairment	4 568 607	-	4 568 607	0%
Depreciation & asset impairment	17 105 118	10 796 972	27 902 090	39% Impairment of Property, Plant and Equipment budgeted for
Finance charges	1 639 149	-	1 639 149	0%
Bulk purchases	28 544 741	-	28 544 741	0%
Grants and subsidies paid	150 000	333 000	483 000	69% Joe Geda subsidy budgeted for
Other expenditure	70 975 338	(17 592 728)	53 382 610	-33% Improved expenditure control management
Total Operating Expenditure	<u>189 580 240</u>	<u>-525 805</u>	<u>189 054 435</u>	
Operating Surplus/(Deficit) for the year	<u>(30 828 767)</u>	<u>7 180 213</u>	<u>(23 648 555)</u>	
Government Grants and Subsidies - Capital	44 614 393	(8 101 222)	36 513 171	-22% Correction of budget
Net Surplus/(Deficit) for the year	<u>13 785 626</u>	<u>(921 009)</u>	<u>12 864 617</u>	

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2015 R (Actual)	2015 R (Final Budget)	2015 R (Variance)	Explanations for material variances (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	34 262 930	22 034 570	12 228 359	55% Improved debt control above estimates
Government	158 440 654	158 993 480	(552 827)	0%
Interest	10 511 716	7 048 418	3 463 298	49% Improved budgetary control and investment of excess fund
Payments				
Suppliers and Employees	(132 126 485)	(166 917 536)	34 791 051	Late appointments for vacant posts, Increase efficiency of electricity reticulation and -21% metering
Finance charges	(1 340 717)	(1 639 149)	298 432	-18% Improved calculation of actual interest on landfill site
Transfers and Grants	(479 587)	(483 000)	3 413	-1%
NET CASH FROM/(USED) OPERATING ACTIVITIES	69 268 510	19 036 784	50 231 726	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	316 074	-	316 074	Sale of assets not budgeted for
Payments				
Capital assets	(48 442 830)	(63 550 299)	15 107 469	-24% Capital projects delayed
NET CASH FROM/(USED) INVESTING ACTIVITIES	(48 126 756)	(63 550 299)	15 423 544	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Increase/(decrease) in consumer deposits	120 330	2 511	117 819	4693% Increased to a more realistic amount comparing to the 2014 financial statements
Payments				
Repayment of borrowing	(792 197)	(791 775)	(422)	0%
NET CASH FROM/(USED) FINANCING ACTIVITIES	(671 866)	(789 264)	117 397	
NET INCREASE/(DECREASE) IN CASH HELD	20 469 887	(45 302 779)	65 772 667	
Cash and Cash Equivalents at the beginning of the year	162 989 955	162 989 955	-	0%
Cash and Cash Equivalents at the end of the year	183 459 842	117 687 176	65 772 667	56% Result of Increased revenue, improved control and part under-expenditure

SENQU MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

ADJUSTMENTS TO APPROVED BUDGET

	2014 R (Approved Budget)	2014 R (Adjustments)	2014 R (Final Budget)	Explanations for material adjustments (10% of line-item with a minimum of R1m)
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	30 774 634	(8 740 064)	22 034 570	-40% Anticipated recoverability of debt
Government	164 601 902	(5 608 422)	158 993 480	-4% Adjustment of MIG allocation
Interest	6 898 418	150 000	7 048 418	2% Result of improved investment activities
Payments				
Suppliers and Employees	(170 032 169)	3 114 633	(166 917 536)	-2% Result of late appointments and expenditure control
Finance charges	(1 639 149)	-	(1 639 149)	0%
Transfers and Grants	(150 000)	(333 000)	(483 000)	69% Joe Geda subsidy
NET CASH FROM/(USED) OPERATING ACTIVITIES	30 453 636	(11 416 852)	19 036 784	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments				
Capital assets	(56 206 100)	(7 344 199)	(63 550 299)	12% Increased capital projects from own funding
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56 206 100)	(7 344 199)	(63 550 299)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Increase/(decrease) in consumer deposits	81 923	(79 413)	2 511	-3163% Decreased to a more realistic amount comparing to the 2014 financial statements
Payments				
Repayment of borrowing	(827 151)	35 377	(791 775)	-4% Decreased to a more realistic amount comparing to the 2014 financial statements
NET CASH FROM/(USED) FINANCING ACTIVITIES	(745 228)	(44 036)	(789 264)	
NET INCREASE/(DECREASE) IN CASH HELD	(26 497 693)	(18 805 087)	(45 302 779)	
Cash and Cash Equivalents at the beginning of the year	105 447 950	57 542 005	162 989 955	35% Increased to a more realistic amount comparing to the 2014 financial statements
Cash and Cash Equivalents at the end of the year	78 950 258	38 736 918	117 687 176	33% Increased to a more realistic amount comparing to the 2014 financial statements

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
2	NET ASSET RESERVES		
2.1	Reserves	16 402 298	2 041 475
	Revaluations Reserve	16 402 298	2 041 475
	Balance previously reported	-	2 058 390
	Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.04	-	5 245
	Reclassification of Land and Buildings to Investment Property - 1 July 2013 - at Fair value - Note 35.04	-	(22 161)
	Total Net Asset Reserve and Liabilities	16 402 298	2 041 475

The Revaluation Reserve is treated in accordance with the requirements of GRAP 17. See Statement of Changes in Net Assets for detail on the movement in the Revaluations Reserve.

2.2 Accumulated Surplus

The following internal funds and reserves are ring-fenced within the Accumulated Surplus

Capital Replacement Reserve	104 617 764	99 138 779
Employee Benefits Reserve	20 219 473	17 403 219
Valuation Roll Reserve	909 291	613 936
Accumulated Surplus due to the results of operations	294 677 385	255 179 134
Total Accumulated Surplus	420 423 913	372 335 068

The Capital Replacement Reserve is created in order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources.

The aim of the Employee Benefits Reserve is to ensure that sufficient cash resources are available for the future payment of employee benefits.

The Valuation Roll Reserve is to ensure that sufficient cash resources are available to undertake a General Valuation as per the Municipal Property Rates Act.

3 LONG-TERM LIABILITIES

Annuity Loans - At amortised cost	13 645 050	14 437 246
Less: Current Portion transferred to Current Liabilities	802 795	791 775
Annuity Loans - At amortised cost	802 795	791 775
Total Long-term Liabilities - At amortised cost using the effective interest rate method	12 842 254	13 645 472

Development Bank Loan

The fair value of Long-Term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

The obligations under annuity loans are scheduled below

	Minimum annuity payments	
Amounts payable under annuity loans:		
Payable within one year	1 868 301	1 904 768
Payable within two to five years	6 790 715	6 993 162
Payable after five years	13 353 580	14 975 341
	22 012 596	23 873 271
Less: Future finance obligations	(8 367 546)	(9 436 025)
Present value of annuity obligations	13 645 050	14 437 246

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4	EMPLOYEE BENEFITS	2015 R	2014 R
	Post Retirement Medical Benefits - Refer to Note 4.1	11 341 154	10 219 272
	Long Service Awards - Refer to Note 4.2	1 047 831	893 642
	Total Non-current Employee Benefit Liabilities	12 388 985	11 112 914
	<u>Post Retirement Medical Benefits</u>		
	Balance 1 July	10 450 884	9 696 746
	Contribution for the year	1 907 965	1 679 303
	Expenditure for the year	(233 044)	(205 863)
	Actuarial Gain	(523 171)	(719 302)
	Total post retirement medical benefits 30 June	11 602 634	10 450 884
	Less: Transfer of Current Portion - Note 7	(261 480)	(231 612)
	Balance 30 June	11 341 154	10 219 272
	<u>Long Service Awards</u>		
	Balance 1 July	1 043 732	833 277
	Contribution for the year	262 241	255 954
	Expenditure for the year	(88 337)	(179 012)
	Actuarial Loss/(Gain)	(21 596)	133 513
	Total long service 30 June	1 196 040	1 043 732
	Less: Transfer of Current Portion - Note 7	(148 209)	(150 090)
	Balance 30 June	1 047 831	893 642
	<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>		
	Balance 1 July	11 494 616	10 530 023
	Contribution for the year	2 170 206	1 935 257
	Expenditure for the year	(321 381)	(384 875)
	Actuarial Loss/(Gain)	(544 767)	(585 789)
	Total employee benefits 30 June	12 798 674	11 494 616
	Less: Transfer of Current Portion - Note 7	(409 689)	(381 702)
	Balance 30 June	12 388 985	11 112 914
4.1	Post Retirement Medical Benefits		
	The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	119	108
	Continuation members (e.g. Retirees, widows, orphans)	6	6
	Total Members	125	114
	The liability in respect of past service has been estimated to be as follows:		
	In-service members	8 206 306	7 298 813
	Continuation members	3 396 328	3 152 071
	Total Liability	11 602 634	10 450 884
	The liability in respect of periods commencing prior to the comparative year has been estimated as follows:		
		2013 R (million)	2012 R (million)
	Total Liability	9.697	11.204
		2015 R (million)	2014 R (million)
	Experience adjustments were calculated as follows:		
	Liabilities: (Gain) / loss	(0.334)	(1.344)
	Assets: Gain / (loss)	-	-

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

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

Bonitas
Discovery
LA Health
Key Health, and
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R 1 126 941, whereas the Interest Cost for the next year is estimated to be R 1 039 397.

Key actuarial assumptions used:

	2015 %	2014 %
i) Rate of interest		
Discount rate	9.06%	9.16%
Health Care Cost Inflation Rate	8.12%	8.32%
Net Effective Discount Rate	0.87%	0.78%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 63 for males and 58 for females, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

	2015 R	2014 R
The amounts recognised in the Statement of Financial Position are as follows		
Present value of fund obligations	11 602 634	10 450 884
Net liability	11 602 634	10 450 884

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	10 450 884	9 696 746
Total expenses	1 674 921	1 473 440
Current service cost	960 750	801 985
Interest Cost	947 215	877 318
Benefits Paid	(233 044)	(205 863)
Actuarial (gains)/losses	(523 171)	(719 302)
Present value of fund obligation at the end of the year	11 602 634	10 450 884
Less: Transfer of Current Portion - Note 7	(261 480)	(231 612)
Balance 30 June	11 341 154	10 219 272

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis on the Accrued Liability for year ending 30 June 2015

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	8.206	3.396	11.603	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	10.137	3.704	13.841	19%
Health care inflation	-1%	6.716	3.125	9.841	-15%
Discount Rate	1%	6.738	3.129	9.868	-15%
Discount Rate	-1%	10.139	3.704	13.843	19%
Post-retirement mortality	-1 year	8.490	3.543	12.033	4%
Average retirement age	-1 year	9.020	3.396	12.416	7%
Continuation of membership at retirement	-10%	7.428	3.396	10.824	-7%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		960 800	947 200	1 908 000	
Health care inflation	1%	1 203 700	1 131 500	2 335 200	22%
Health care inflation	-1%	774 900	801 400	1 576 300	-17%
Discount Rate	1%	784 700	891 300	1 676 000	-12%
Discount Rate	-1%	1 193 100	1 008 300	2 201 400	15%
Post-retirement mortality	-1 year	993 800	982 900	1 976 700	4%
Average retirement age	-1 year	1 084 900	1 009 700	2 094 600	10%
Withdrawal Rate	-50%	870 500	884 000	1 754 500	-8%

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses

210 218

The Current-service Cost for the ensuing year is estimated to be R 206 702, whereas the Interest Cost for the next year is estimated to be R 87 980.

Key actuarial assumptions used:

i) Rate of interest

Discount rate	7.83%	7.82%
General Salary Inflation (long-term)	7.00%	7.07%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	0.78%	0.70%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 EMPLOYEE BENEFITS (CONTINUED)

The amounts recognised in the Statement of Financial Position are as follows:

	2015 R	2014 R
Present value of fund obligations	1 196 040	1 043 732
Net liability	1 196 040	1 043 732

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2013 R	2012 R	2011 R
Total Liability	833 277	951 858	842 594

Experience adjustments were calculated as follows:

	2015	2014	2012	2011
Liabilities: (Gain) / loss	45 216	87 434	(125 553)	10 204
Assets: Gain / (loss)	-	-	-	-

Reconciliation of present value of fund obligation:

	2015 R	2014 R
Present value of fund obligation at the beginning of the year	1 043 732	833 277
Total expenses	173 904	76 942
Current service cost	186 373	200 448
Interest Cost	75 868	55 506
Benefits Paid	(88 337)	(179 012)
Actuarial (gains)/losses	(21 596)	133 513
Present value of fund obligation at the end of the year	1 196 040	1 043 732
Less: Transfer of Current Portion - Note 7	(148 209)	(150 090)
Balance 30 June	1 047 831	893 642

Sensitivity Analysis on changes to the Unfunded Accrued Liability for the year ending 30 June 201

Assumption	Change	Liability (in R Millions)	% change
Central assumptions		1.196	
General salary inflation	1%	1.260	5%
General salary inflation	-1%	1.137	-5%
Discount Rate	1%	1.133	-5%
Discount Rate	-1%	1.266	6%
Average retirement age	-2 yrs	1.138	-5%
Average retirement age	2 yrs	1.251	5%
Withdrawal rate	-50%	1.461	22%

Assumption	Change	Current-service Cost (R)	Interest Cost (R)	Total (R)	% change
Central Assumption		186 400	75 900	262 300	
General salary inflation	1%	199 100	80 300	279 400	7%
General salary inflation	-1%	174 800	71 800	246 600	-6%
Discount Rate	1%	174 100	80 600	254 700	-3%
Discount Rate	-1%	200 100	70 400	270 500	3%
Average retirement age	-2 yrs	175 800	70 800	246 600	-6%
Average retirement age	+2 yrs	196 700	81 600	278 300	6%
Withdrawal Rate	-50%	246 500	94 200	340 700	30%

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4	EMPLOYEE BENEFITS (CONTINUED)	2015	2014
		R	R
	Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosure has been made as defined in GRAP 25.31.		
	The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the Cape Joint Pension Fund was for the year ended 30 June 2014 and revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2013 - 99.80%). The last actuarial valuation performed for the Cape Retirement Fund was for the year ended 30 June 2014 and revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2013 - 105.10%).		
	Contributions paid recognised in the Statement of Financial Performance	3 947 243	3 184 394

DEFINED CONTRIBUTION FUNDS

Council contribute to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

SALA Pension Fund	683 452	657 714
SAMWU National Provident Fund	79 358	77 749
Liberty Life	-	2 832
	762 811	738 295

5	NON-CURRENT PROVISIONS		
	Provision for Rehabilitation of Landfill-sites	4 358 220	3 716 119
	Total Non-current Employee Benefit Liabilities	4 358 220	3 716 119

Landfill Sites

Balance 1 July	3 716 119	3 527 111
Additions	447 437	22 944
Unwinding of discounted interest	194 664	166 064
Total provision 30 June	4 358 220	3 716 119

It is expected that outflows of economic benefits in respect of the provision for rehabilitation of landfill sites will occur beyond the 3-Year Medium Term Revenue and Expenditure Framework period.

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	<u>Estimated decommission date as at 30 June 2015</u>	2015	2014
<u>Location</u>		R	R
Barkly East	2022	718 586	882 988
Lady Grey	2038	692 263	844 195
Sterkspruit	2024	1 500 615	694 982
Rhodes	2041	717 878	667 996
Rossouw	2016	728 878	625 959
		4 358 220	3 716 119

6	CONSUMER DEPOSITS		
	Electricity	1 238 851	1 118 521
	Total Consumer Deposits	1 238 851	1 118 521

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

Consumer deposits are paid by consumers on application for new and electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, Council utilizes the deposit as payment for the outstanding account.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7	CURRENT EMPLOYEE BENEFITS	2015 R	2014 R
	Current Portion of Post Retirement Benefits - Note 4	261 480	231 612
	Current Portion of Long-Service Provisions - Note 4	148 209	150 090
	Bonuses	1 653 280	1 430 822
	Performance Bonuses	1 357 050	1 295 673
	Compensation for injuries on duty contribution	1 301 280	712 960
	Staff Leave	3 109 190	2 469 148
	Total Current Employee Benefits	7 830 488	6 290 305
	The movement in current employee benefits are reconciled as follows:		
	<u>Post Retirement Benefits</u>		
	Balance at beginning of year	231 612	203 208
	Adjustment from non-current	29 868	28 404
	Balance at end of year	261 480	231 612
	<u>Long-service Awards</u>		
	Balance at beginning of year	150 090	106 233
	Adjustment from non-current	(1 881)	43 857
	Balance at end of year	148 209	150 090
	<u>Bonuses</u>		
	Balance at beginning of year	1 430 822	1 005 015
	Contribution to provision	222 458	425 807
	Balance at end of year	1 653 280	1 430 822
	Bonuses are paid in November of each year to permanent employees and contract employees structuring the package to provide for 13th cheque.		
	<u>Performance Bonuses</u>		
	Balance at beginning of year	1 295 673	2 098 972
	Contribution to provision	1 332 142	1 104 824
	Expenditure incurred	(1 270 765)	(1 908 123)
	Balance at end of year	1 357 050	1 295 673
	Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.		
	<u>Compensation for injuries on duty contribution</u>		
	Balance at beginning of year	712 960	-
	Contribution to provision	588 320	712 960
	Balance at end of year	1 301 280	712 960
	The balance on the compensation for injuries on duty contribution represents the current liability of the municipality that has not yet been paid over to the relevant authorities. There is no possibility of reimbursement.		
	<u>Staff Leave</u>		
	Balance at beginning of year	2 469 148	2 063 241
	Contribution to provision	1 609 614	1 496 853
	Expenditure incurred	(969 573)	(1 090 946)
	Balance at end of year	3 109 190	2 469 148
	Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8	PAYABLES FROM EXCHANGE TRANSACTIONS	2015 R	2014 R
	Other Payables	1 172 783	779 114
	Deposits: Other	22 358	24 483
	Payments received in advance	911 189	869 687
	Retentions	895 284	3 364 093
	DBSA Interest Accrual	279 836	288 085
	Over payment of Neighbourhood Development Partnership Grant by National Treasury	4 602 000	4 602 000
	Total Trade Payables	7 883 451	9 927 462

Payables are being recognised net of any discounts

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of payables approximates its fair value

9 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unspent Grants	16 761 727	11 300 729
National Government Grants	6 852 755	2 010 056
Provincial Government Grants	9 908 972	9 290 673
Less: Unpaid Grants	-	986 071
National Government Grants	-	986 071
Total Conditional Grants and Receipts	16 761 727	10 314 658

The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. Application for roll-overs was submitted to National Treasury.

The following DORA allocations were withheld for the Neighbourhood Development Partnership Grant due to the fact that excess funds had been received to date, compared to the value of project approvals.

-	1 287 000
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10	TAXES	2015 R	2014 R
10.01	VAT PAYABLE		
	VAT Payable	2 017 978	1 591 534
	Less: Contribution to Provision for Impairment of Trade Receivables from Exchange Transactions	(1 509 661)	(1 680 095)
	Total Vat payable	508 317	(88 561)
10.02	VAT RECEIVABLE		
	VAT Receivable	6 602 552	5 527 514
	Total VAT receivable	6 602 552	5 527 514
10.03	NET VAT RECEIVABLE/(PAYABLE)	6 094 235	5 616 076

VAT is payable/receivable on the cash basis.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11	PROPERTY, PLANT AND EQUIPMENT (CONTINUED)	2015	2014
		R	R
	Assets pledged as security:		
	No assets are pledged as security for Senqu Municipality		
	Effect of changes in accounting estimates		
	The useful lives and the residual values of Property, Plant and Equipment have been reviewed at year end. The effect of the changes are shown below:		
		2015	2016
		R	R
	Effect on Property, plant and equipment	215 518	215 518
			2017
			R
			215 518
12	CAPITALISED RESTORATION COST	2015	2014
		R	R
	Net Carrying amount at 1 July	1 159 953	1 285 328
	Cost	2 383 857	2 360 913
	Accumulated Depreciation	(1 094 617)	(942 204)
	Accumulated Impairments	(129 287)	(133 381)
	Acquisitions	447 437	22 944
	Depreciation for the year	(196 157)	(152 413)
	Impairment	(117 632)	-
	Reversal of Impairment	-	4 094
	Net Carrying amount at 30 June	1 293 601	1 159 953
	Cost	2 831 294	2 383 857
	Accumulated Depreciation	(1 290 774)	(1 094 617)
	Accumulated Impairments	(246 919)	(129 287)
13	NON-CURRENT ASSETS HELD FOR SALE		
	Balance previously reported	-	1 557
	Change in Accounting Policy - Transfer balance to Property, Plant and Equipment i.t.o GRAP 100 - Note 3f	-	(1 557)
	Non-current assets held for sale at end of year	-	-
	Non-current assets are items written off and sold at auctions during the financial year.		
14	INVESTMENT PROPERTY		
	Net Carrying amount at 1 July	12 193 500	12 193 500
	Fair Value	12 193 500	12 193 500
	Balance previously reported	-	8 663 500
	Correction of Investment Property incorrectly capitalised - 1 July 2013 - Note 35.0z	-	(4 782 500)
	Investment Property previously not recognised - 1 July 2013 - Note 35.0z	-	5 208 000
	Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2013 - Note 35.0z	-	3 104 500
	Fair Value Adjustment	5 716 750	-
	Impairment	(886 045)	-
	Net Carrying amount at 30 June	17 024 205	12 193 500
	Fair Value	17 024 205	12 193 500
	There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.		
	There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.		
	The valuations were performed by Umhlaba Valuers and the valuer was Mr Hein McLeod, a professional valuer with registration number 3257. Properties were valued on the comparative sales method of valuation, based on the active market values in the area.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
15	INTANGIBLE ASSETS		
	Computer Software		
	Net Carrying amount at 1 July	160 005	181 180
	Cost	568 304	567 136
	Accumulated Amortisation	(408 299)	(385 956)
	Acquisitions	111 547	56 351
	Disposals	(789)	(2 312)
	Amortisation	(68 109)	(75 215)
	Net Carrying amount at 30 June	202 654	160 005
	Cost	624 668	568 304
	Accumulated Amortisation	(423 537)	(408 299)
	No intangible asset was assessed as having an indefinite useful life.		
	There are no internally generated intangible assets at reporting date.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
16	INVENTORY		
	Electricity materials	1 382 197	2 019 541
	Balance previously reported	-	1 606 271
	Correction of Stock used for Electricity - 2013/2014 - Note 35.0f	-	413 270
	Total Inventory	1 382 197	2 019 541
	No inventory assets were pledged as security for liabilities		
17	RECEIVABLES FROM EXCHANGE TRANSACTIONS		
	Service Receivables		
	Electricity	15 386 581	11 772 196
	Housing Rentals	105 380	165 166
	Balance previously reported	-	266 936
	Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.0f	-	(101 770)
	Refuse	5 076 489	4 111 834
	Other Arrears	5 633 087	5 691 606
	Joe Gqabi District Municipality (Water Services Authority)	4 954 627	4 954 627
	Payments in advance	678 460	736 979
	Total Service Receivables	26 201 538	21 740 802
	Less: Allowance for Doubtful Debts	(16 797 509)	(13 616 434)
	Net Service Receivables	9 404 029	8 124 368
	Total Net Receivables from Exchange Transactions	9 404 029	8 124 368
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary.		
	Ageing of Receivables from Exchange Transactions		
	<u>(Electricity): Ageing</u>		
	Current (0 - 30 days)	3 243 302	2 784 516
	31 - 60 Days	1 092 966	1 028 794
	61 - 90 Days	772 177	587 095
	+ 90 Days	10 509 008	7 735 731
	Payment received in advance	(230 871)	(363 940)
	Total	15 386 581	11 772 196

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

17	RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2015	2014
		R	R
	<u>(Housing Rentals): Ageing</u>		
	Current (0 - 30 days)	16 588	8 886
	31 - 60 Days	6 291	6 653
	61 - 90 Days	4 056	5 139
	+ 90 Days	181 403	259 741
	Payment received in advance	(102 959)	(115 253)
	Total - Restated 2014	105 380	165 166
	<u>(Refuse): Ageing</u>		
	Current (0 - 30 days)	229 796	210 505
	31 - 60 Days	155 295	133 676
	61 - 90 Days	130 119	113 755
	+ 90 Days	4 905 910	3 911 683
	Payment received in advance	(344 630)	(257 786)
	Total	5 076 489	4 111 834
	<u>(Other): Ageing</u>		
	Current (0 - 30 days)	678 460	736 979
	+ 90 Days	4 954 627	4 954 627
	Total	5 633 087	5 691 606
	<u>Reconciliation of Provision for Bad Debts</u>		
	Balance at beginning of year	13 616 434	9 474 829
	Contribution to provision	3 181 075	4 723 637
	Bad Debts (written off)	-	(582 032)
	Balance at end of year	16 797 509	13 616 434

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

18	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
	<u>Service Receivables</u>		
	Rates	7 256 633	6 527 816
	Payments in advance	232 730	132 709
	Traffic fines income due	339 800	-
	Other Receivables	1 421 528	735 988
	Total Service Receivables	9 250 691	7 396 512
	Less: Allowance for Doubtful Debts	(7 054 376)	(5 851 689)
	Net Service Receivables	2 196 315	1 544 824
	Total Net Receivables from Non-Exchange Transactions	2 196 315	1 544 824

Rates debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of rates debtors are not performed in terms of GRAP 104 on initial recognition.

Ageing of Receivables from Non-Exchange Transactions

	<u>(Rates): Ageing</u>		
	Current (0 - 30 days)	47 205	98 249
	31 - 60 Days	168 195	164 832
	61 - 90 Days	133 881	147 145
	+ 90 Days	7 140 081	6 250 299
	Payment received in advance	(232 730)	(132 709)
	Total	7 256 633	6 527 816

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

18

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
<u>The ageing of amounts past due but not impaired is as follows</u>			
2015			
1 month past due	664 345	45 407	709 752
2 + months past due	1 123 325	727 011	1 850 336
Total	1 787 670	772 418	2 560 088
2014			
1 month past due	456 759	40 872	497 631
2 + months past due	562 215	720 544	1 282 759
Total	1 018 974	761 415	1 780 390

All Non-Government debtors were either specifically impaired or subject to collective impairment

Trade and other receivables impaired

	Exchange Transactions R's	Non-Exchange Transactions R's	Total R's
2015			
Total	16 797 509	7 054 376	23 851 885
2014			
Total	13 616 434	5 851 689	19 468 123

Debts are required to be settled after 30 days, interest is charged after this date at prime +1%.

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

The increase in the impairment amount for non-exchange transactions is as a result of the implementation of 1GRAP1 on traffic fines. See Note 27 for more details.

Reconciliation of the Total doubtful debt provisor

	2015 R	2014 R
Balance at beginning of the year	5 851 689	4 845 700
Contributions to provision	1 202 687	1 099 727
Bad Debts (written off)	-	(93 738)
Balance at end of year	7 054 376	5 851 689

The provision for bad debts relates to the outstanding rates balance as well as impairment of traffic fines

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

		2015 R	2014 R
19	OPERATING LEASE ARRANGEMENTS		
19.1	The Municipality as Lessee		
	Balance on 1 July	4 743	1 340
	Movement during the year	1 497	3 402
	Balance on 30 June	6 240	4 743
	At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:		
	Up to 1 Year	27 782	25 724
	1 to 5 Years	51 047	78 829
	Total Operating Lease Arrangements	78 829	104 553
19.2	The Municipality as Lessor		
	Balance on 1 July	297 191	83 370
	Correction on Operating Lease Asset Opening balance - Note 35.05	-	228 146
	Restated Balance on 1 July	297 191	311 516
	Movement during the year	(25 780)	(14 325)
	Balance previously reported	-	9 084
	Correction on Operating Lease Asset movement for 2013/2014 - Note 35.05	-	(23 409)
	Balance on 30 June	271 412	297 191
	At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:		
	Up to 1 Year	628 440	483 811
	1 to 5 Years	1 136 889	1 741 110
	More than 5 Years	-	24 218
	Total Operating Lease Arrangements - Restated 2014	1 765 328	2 249 140
	This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.		
	The leases are in respect of land and buildings being leased out for periods ranging until 2020		
20	CASH AND CASH EQUIVALENTS		
	Assets		
	Call and short-term Investments Deposits	181 296 599	161 791 490
	Primary Bank Account	2 162 543	1 197 764
	Cash Floats	700	700
	Total Cash and Cash Equivalents - Assets	183 459 842	162 989 955
	The municipality has the following bank account:		
	Current Accounts		
	Standard Bank - Lady Grey Branch - Account Number 28 063 130 8	2 162 543	1 197 764
		2 162 543	1 197 764
	Standard Bank - Lady Grey Branch - Account Number 28 063 130 8		
	Cash book balance at beginning of year	1 197 764	1 176 531
	Cash book balance at end of year	2 162 543	1 197 764
	Bank statement balance at beginning of year	1 136 813	911 904
	Bank statement balance at end of year	2 130 982	1 136 813
	Call Investment Deposits		
	Call investment deposits consist out of the following accounts:		
	Standard Bank 388489162/0	109 686 180	94 401 078
	Standard Bank 388489731/0	64 118 799	60 292 185
	Standard Bank 388486066/0	7 491 620	7 098 227
		181 296 599	161 791 490

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

21

PROPERTY RATES

	2015	2014
	R	R
<u>Actual</u>		
Rateable Land and Buildings	6 043 232	6 230 137
Residential Property	2 031 485	2 430 344
Commercial Property	1 061 489	990 097
Agricultural Purposes	2 233 095	2 120 045
State - National / Provincial Services	196 486	186 578
Vacant Property	520 676	503 072
Less: Rebates	(1 436 199)	(1 737 875)
Total Assessment Rates	4 607 033	4 492 262

Valuations

Rateable Land and Buildings	2 505 099 060	2 593 389 060
Residential Property	375 783 000	473 977 000
Commercial Property	162 033 500	162 311 000
Public Benefits Organisations	40 715 000	40 733 500
Agricultural Purposes	1 625 534 060	1 625 803 060
State - National / Provincial Services	36 346 000	36 584 000
Municipal Property	203 287 000	189 829 000
Vacant Property	61 400 500	64 151 500
Total Assessment Rates	2 505 099 060	2 593 389 060

The decrease in valuations is of residential property is due to the objections and appeals processes as well as the resultant changes from other categories of property.

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2012.

Rates:

Residential	0.5406c/R	0.5100c/R
Commercial	0.6466c/R	0.6100c/R
Agricultural	0.1378c/R	0.1300c/R
State - National / Provincial Services	0.5406c/R	0.5100c/R
Vacant Property	0.8480c/R	0.8000c/R

Rates are levied monthly and payable by the end of the following month. Interest is levied at the prime rate plus 1% on outstanding monthly instalments.

22

GOVERNMENT GRANTS AND SUBSIDIES

	2015	2014
	R	R
Unconditional Grants	110 942 000	98 133 000
Equitable Share - Refer to Note 22.01	110 942 000	98 133 000
Conditional Grants	41 051 584	49 080 069
National: Municipal Infrastructure Grant (MIG)	30 009 229	40 672 772
National: Municipal Finance Management (MFMA)	1 600 000	1 550 000
National: Municipal Systems Improvement Grant	934 000	890 000
National: Neighbourhood Development Partnership Grant	-	-
National: Expanded Public Works Program	1 976 000	2 160 000
National: Dept Sport (Youth Development - Sport Fields)	3 064 460	1 398 033
Prov Gov - Housing (Hillside)	-	220 771
Vuna Awards	359 596	110 404
Alien Vegetation Eradication	1 908 299	878 088
Libraries	1 200 000	1 200 000
Total Government Grants and Subsidies	151 993 584	147 213 069
Government Grants and Subsidies - Capital	27 636 029	35 686 172
Government Grants and Subsidies - Operating	124 357 555	111 526 897
	151 993 584	147 213 069

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2015 R	2014 R
	Revenue recognised per vote as required by Section 123 (c) of the MFMA		
	Equitable share	110 942 000	98 133 000
	Executive & Council	500 000	490 000
	Budget & Treasury	2 393 596	2 060 404
	Planning & Development	1 908 299	878 088
	Community & Social Services	3 035 244	4 120 621
	Housing	-	220 771
	Sport & Recreation	12 816 133	2 221 294
	Waste Management	131 986	250 912
	Road Transport	20 150 687	38 837 978
	Electricity	115 640	-
		<u>151 993 584</u>	<u>147 213 069</u>
	The municipality does not expect any significant changes to the level of grants. No grants had been withheld		
22.01	Equitable share	<u>110 942 000</u>	<u>98 133 000</u>
	The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.		
22.02	National: Municipal Infrastructure Grant (MIG)		
	Balance unspent at beginning of year	(986 071)	11 733 701
	Current year receipts	35 838 000	27 953 000
	Conditions met - transferred to revenue	(30 009 229)	(40 672 772)
	Balance transferred to current (assets)/liabilities	<u>4 842 699</u>	<u>(986 071)</u>
	Municipal Infrastructure Grant was utilised to construct roads, pavement, community centres and storm water channels in Senqu.		
22.03	National: Municipal Finance Management (MFMA)		
	Balance unspent at beginning of year	-	-
	Current year receipts	1 600 000	1 550 000
	Conditions met - transferred to revenue	(1 600 000)	(1 550 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	Municipal Finance Management grant was used to implement the reforms of the MFMA		
22.04	National: Municipal Systems Improvement Grant		
	Balance unspent at beginning of year	-	-
	Current year receipts	934 000	890 000
	Conditions met - transferred to revenue	(934 000)	(890 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The MSIG was used to improve municipal systems in terms of ward committees and create a functional asset register.		
22.05	National: Neighbourhood Development Partnership Grant		
	Balance unspent at beginning of year	2 010 056	7 919 056
	Returned to the National Revenue Fund	-	(1 307 000)
	Transferred to Trade Payables - Note 8	-	(4 602 000)
	Balance transferred to current liabilities	<u>2 010 056</u>	<u>2 010 056</u>
	The NDPG is utilised to attract private and community investment to unlock the social and economic potential within the Senqu area.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

22	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2015 R	2014 R
22.06 National: Expanded Public Works Program			
	Balance unspent at beginning of year	-	-
	Current year receipts	1 976 000	2 160 000
	Conditions met - transferred to revenue	(1 976 000)	(2 160 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The EPWP was utilised to provide poverty and income relief through temporary work for the unemployed to carry out socially useful activities.		
22.07 National: Dept Sport (Youth Development - Sport Fields)			
	Balance unspent at beginning of year	-	-
	Current year receipts	3 064 460	1 398 033
	Conditions met - transferred to revenue	(3 064 460)	(1 398 033)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The Department of Sport grant was utilised to provide new and improved sport facilities within the Senqu area.		
22.08 Prov Gov - Housing (Hillside)			
	Balance unspent at beginning of year	232 651	453 423
	Conditions met - transferred to revenue	-	(220 771)
	Balance transferred to current liabilities	<u>232 651</u>	<u>232 651</u>
	The grant was received from Provincial Government to be utilised for housing projects within the Senqu area.		
22.09 Herschel People's Housing			
	Balance unspent at beginning of year	8 053 512	7 719 169
	Current year receipts - Interest	393 393	334 344
	Balance transferred to current liabilities	<u>8 446 905</u>	<u>8 053 512</u>
	The grant was received to be utilised for housing projects within the Senqu area.		
22.10 Vuna Awards			
	Balance unspent at beginning of year	359 596	-
	Current year receipts	-	470 000
	Conditions met - transferred to revenue	(359 596)	(110 404)
	Balance transferred to current liabilities	<u>-</u>	<u>359 596</u>
	The Vuna Awards grant was a monetary prize won by Senqu Municipality in the Vuna awards contest in February 2014. The funds was utilized towards addressing any matters raised in the audit reports which prevented the municipality from obtaining a Clean Audit.		
22.11 Alien Vegetation Eradication			
	Balance unspent at beginning of year	644 912	-
	Current year receipts	2 492 800	1 523 000
	Conditions met - transferred to revenue	(1 908 299)	(878 088)
	Balance transferred to current liabilities	<u>1 229 414</u>	<u>644 912</u>
	The grant was received from the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism to remove alien species and thereafter conduct land rehabilitation within the area.		
22.12 Libraries			
	Balance unspent at beginning of year	-	-
	Current year receipts	1 200 000	1 200 000
	Conditions met - transferred to revenue	(1 200 000)	(1 200 000)
	Balance transferred to current liabilities	<u>-</u>	<u>-</u>
	The Libraries grant was utilised for the upkeep and operational cost for libraries.		

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

23	SERVICE CHARGES	2015 R	2014 R
	Electricity	26 744 584	23 428 352
	Service Charges	30 954 043	27 486 287
	<u>Less:</u> Rebates	(4 209 459)	(4 057 935)
	Refuse removal	2 533 939	2 623 299
	Service Charges	7 013 180	6 796 699
	<u>Less:</u> Rebates	(4 479 241)	(4 173 400)
	Total Service Charges	29 278 523	26 051 651

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been foregone by way of rebate or remission.

24	OTHER INCOME		
	Sundry Income	323 457	580 392
	Building Plan & Inspection Fees	29 927	31 913
	Electr. Re-Connection Fees	19 031	24 437
	Cemetery Fees	22 370	17 349
	Insurance Deductions	80 551	-
	Pound Fees	147 968	64 676
	Retention Withheld	249 232	86 622
	Total Other Income	872 535	805 390

25	EMPLOYEE RELATED COSTS		
	Employee related costs - Salaries and Wages	36 787 390	32 712 614
	Employee related costs - Contributions for UIF, pensions and medical aids	7 626 836	6 480 585
	Travel, motor car, telephone, assistance and other allowances	490 600	443 127
	Bonuses	4 198 435	3 880 057
	Housing Benefits and Allowances	20 470	19 832
	Leave Reserve Fund	1 609 614	1 496 853
	Overtime Payments	1 004 496	718 832
	Workmens Compensation Contributions	588 320	712 960
	Contribution to provision - Long Service Awards - Note 4	262 241	255 954
	Contribution to provision - Post Retirement Medical - Note 4	1 907 965	1 679 303
	Total Employee Related Costs	54 496 367	48 400 117

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager - MM Yawa

Annual Remuneration	1 422 388	1 326 570
Performance Bonus - 2011/12	-	240 218
Performance Bonus - 2012/13	-	252 555
Performance Bonus - 2013/14	268 119	-
Car Allowance	82 800	82 800
Telephone allowance	24 000	24 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Total	1 799 092	1 927 928

Remuneration of the Director Technical Services - RN Crozier

Annual Remuneration	1 185 544	1 104 100
Performance Bonus - 2011/12	-	204 185
Performance Bonus - 2012/13	-	214 721
Performance Bonus - 2013/14	227 902	-
Car Allowance	93 600	93 600
Telephone allowance	12 000	12 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
Total	1 520 831	1 630 391

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

25	EMPLOYEE RELATED COSTS (CONTINUED)	2015 R	2014 R
	Remuneration of Director Community and Social Services - CNL Gologolc		
	Annual Remuneration	912 655	851 461
	Performance Bonus - 2011/12	-	104 757
	Performance Bonus - 2012/13	-	127 175
	Performance Bonus - 2013/14	171 237	-
	Car Allowance	48 000	48 000
	Telephone allowance	12 000	12 000
	Contributions to UIF, Medical and Pension Funds	1 785	1 785
	Total	1 145 677	1 145 177
	Remuneration of the Director Financial Services - Mr CR Venter		
	Annual Remuneration	1 279 144	1 197 699
	Performance Bonus - 2011/12	-	204 185
	Performance Bonus - 2012/13	-	214 721
	Performance Bonus - 2013/14	227 902	-
	Telephone allowance	12 000	12 000
	Contributions to UIF, Medical and Pension Funds	1 785	1 785
	Total	1 520 831	1 630 390
	Remuneration of Director Corporate and Support Services - ML Theron (July 2012 - Sept 2012,		
	Performance Bonus - 2011/12	-	64 466
	Total	-	64 466
	Remuneration of Director Corporate and Support Services - TE Wong:		
	Annual Remuneration	881 851	819 563
	Performance Bonus - 2012/13	-	102 971
	Performance Bonus - 2013/14	174 296	-
	Telephone allowance	12 000	12 000
	Car Allowance	96 000	96 000
	Contributions to UIF, Medical and Pension Funds	1 785	1 785
	Total	1 165 932	1 032 319
	Remuneration of Director IPME - P Bushula		
	Annual Remuneration	1 129 676	1 057 735
	Performance Bonus - 2012/13	-	142 288
	Performance Bonus - 2013/14	201 309	-
	Telephone allowance	12 000	12 000
	Contributions to UIF, Medical and Pension Funds	1 785	1 785
	Total	1 344 770	1 213 808
26	REMUNERATION OF COUNCILLORS		
	Mayor	739 363	698 694
	Speaker	595 664	563 129
	Executive Committee Members	1 903 482	1 736 675
	Councillors	6 555 442	6 204 231
	Other Councillors' contributions and allowances	605 172	377 580
	Total Councillors' Remuneration	10 399 123	9 580 309
	In-kind Benefits		
	The Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties. The packages are set out below:		
	Mayor		
	Annual Remuneration	718 495	677 826
	Telephone allowance	20 868	20 868
	Total	739 363	698 694
	Speaker		
	Annual Remuneration	532 406	499 871
	Telephone allowance	20 868	20 868
	Travel Allowance	42 390	42 390
	Total	595 664	563 129

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

26	REMUNERATION OF COUNCILLORS (CONTINUED)	2015 R	2014 R
	Executive Committee Members (6 members)		
	Annual Remuneration	1 704 692	1 584 972
	Telephone allowance	125 208	78 120
	Travel Allowance	73 582	73 582
	Total	1 903 482	1 736 675
	Councillors (Section 79 - 5 members)		
	Annual Remuneration	1 352 272	1 304 815
	Telephone allowance	104 340	65 100
	Travel Allowance	30 828	-
	Total	1 487 440	1 369 915
	Councillors (Other Councillors - 25 members for 2014/15 and 24 members for 2013/14,		
	Annual Remuneration	5 096 130	4 899 416
	Telephone allowance	500 832	312 480
	Travel Allowance	76 212	-
	Total	5 673 174	5 211 896

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

27	DEBT IMPAIRMENT	2015 R	2014 R
	Receivables from exchange transactions - Note 17	3 181 075	4 723 637
	Receivables from non-exchange transactions - Note 18	1 202 687	1 099 727
	Total Contribution to Impairment Provision	4 383 762	5 823 363
	Portion attributable to VAT - Refer to note - 10.01	170 434	(730 460)
	Debt impairment recognised in statement of financial performance	4 554 196	5 092 904
	Impairment of traffic fines included above:	339 800	-
	28 DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment - Restated 2014	15 509 804	11 566 493
	Intangible Assets	68 109	75 215
	Capitalised Restoration Cost	196 157	152 413
	Total Depreciation and Amortisation	15 774 071	11 794 120
	29 REPAIRS AND MAINTENANCE		
	Buildings	486 571	373 640
	Tools and equipment	188 592	606 273
	Furniture and office equipment	6 040	29 274
	Vehicles and Implements	1 403 951	1 191 342
	Streets and stormwater	833 119	105 270
	Sport Fields	35 979	34 889
	Electricity Reticulation	1 175 504	542 702
	Fencing	132 979	44 019
	Street Lights	1 666	235 998
	Traffic and Road signs	37 932	4 829
	Other	311 022	176 741
	Total Repairs and Maintenance - Restated 2014	4 613 355	3 344 977

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	R	R
30 FINANCE CHARGES		
Long-term Liabilities - DBSA	1 146 053	1 114 258
Finance leases	-	229
Landfill Site	194 664	166 064
Total Finance charges	1 340 717	1 280 551
31 BULK PURCHASES		
Electricity	20 079 250	19 424 456
Total Bulk Purchases	20 079 250	19 424 456
32 GRANTS AND SUBSIDIES		
Grants-in-aid and Donations	479 587	110 773
Total Grants and Subsidies	479 587	110 773
33 OTHER OPERATING GRANT EXPENDITURE		
Asset Register Project	637 528	420 667
Alien Vegetation	1 888 724	870 527
Vuna Awards	709 683	98 893
Greenest Municipality Project	-	195 500
Housing Hillside Project	-	220 771
Job Creation Project (EPWP)	1 976 000	2 160 000
MFMA Implementation Project	1 853 464	1 693 037
MIG PMU Project	1 099 211	953 417
Total Operating grant expenditure - Restated 2014	8 164 611	6 612 811
34 GENERAL EXPENSES		
Audit Fees	2 114 502	1 644 465
Advertisements	429 008	761 570
Bank Charges	271 476	216 141
Books, Magazines & Publications	18 047	7 539
Communication	605 652	549 536
Computer Costs	1 283 801	1 206 845
Community Participation	99 305	11 120
Electricity Purchases	305 527	446 484
IDP and Budget Project	375 273	347 617
Insurance: External	436 631	431 807
Job Creation	3 689 431	4 816 109
Legal Costs	1 799 561	1 188 813
Local Economic Development	398 425	453 573
Membership Fees	616 908	531 940
Printing & Stationary	714 014	487 987
Professional Services	4 054 235	660 044
Performance Management	1 278 141	1 253 415
SPU Project	1 243 527	535 221
Valuation Roll	456 811	72 000
Subsistence & Traveling	2 748 134	2 946 974
Telephone Charges	928 232	864 794
Tourism	517 505	416 029
Training	1 115 124	1 325 771
Transport Costs	103 961	74 870
Travel and Accommodation	2 349 034	2 709 231
Vehicle: Fuel & Oil	2 631 985	2 346 791
Ward Committees	2 118 906	1 739 426
Sundry	3 105 937	1 848 115
Total General Expenses - Restated 2014	35 809 092	29 894 227

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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35 CORRECTION OF ERROR IN TERMS OF GRAP 3

Certain errors were detected which relates to prior years and were restated retrospectively. The effects of these restatements are listed below.

35.01 Property, Plant and Equipment

Balance previously reported	236 764 090
First time recognition of Property, Plant and Equipment - 1 July 2013 - Note 35.07	28 858
Backlog Depreciation on 1 July 2013 for Property, Plant and Equipment previously not recognised - Note 35.07	(3 525)
First time recognition of Property, Plant and Equipment - 2013/2014 - Note 35.07	42 771
Depreciation for 2013/2014 for Property, Plant and Equipment previously not recognised - Note 35.08	(3 520)
Recapitalise assets previously disposed - 1 July 2013 - Note 35.07	45 310
Backlog Depreciation on 1 July 2013 for Recapitalisation of assets previously disposed - Note 35.07	(22 176)
Depreciation for 2013/2014 for Recapitalisation of assets previously disposed - Note 35.08	(43 391)
Reversal of Disposal of Property, Plant and Equipment - Cost - 2013/14 - Note 35.08	19 835
Reversal of Disposal of Property, Plant and Equipment - Depreciation for 2013/14 - Note 35.08	(12 015)
Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.07	(106 209)
Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.07	38 454
Property, Plant and Equipment incorrectly capitalised - 2013/2014 - Note 35.08	(13 228)
Effect on Depreciation for 2013/2014 for Property, Plant and Equipment incorrectly capitalised - Note 35.08	11 289
Derecognise Land and Buildings - 1 July 2013 - at Fair value - Note 35.07	(725 000)
Land and Buildings previously not recognised - 1 July 2013 - at Fair value - Note 35.07	4 283 599
Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2013 - at Fair value - Note 35.02	(3 104 500)
Correction on Depreciation for 2013/14 of Ward 5 Bridge not Capitalised - Note 35.08	(9 100)
Total	237 191 540

35.02 Investment Property

Balance previously reported	8 663 500
Correction of Investment Property incorrectly capitalised - 1 July 2013 - at Fair value - Note 35.07	(4 782 500)
Investment Property previously not recognised - 1 July 2013 - at Fair value - Note 35.07	5 208 000
Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2013 - at Fair value - Note 35.01	3 104 500
Total	12 193 500

35.03 Inventory

Balance previously reported	1 606 271
Correction of Stock used for Electricity - 2013/2014 - Note 35.08	413 270
Total	2 019 541

35.04 Revaluation Reserve

Balance previously reported	2 058 390
Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.08	5 245
Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2013 - at Fair value - Note 35.08	(22 161)
Total	2 041 475

35.05 Operating lease asset

Balance previously reported	92 454
Correction of Operating lease asset Opening balance as at 30 June 2013 - Note 35.07	228 146
Correction of Operating lease asset movement for 2013/14 - Note 35.08	(23 409)
Total	297 191

35.06 Receivables from exchange transactions

Balance previously reported	8 226 138
Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.07	(101 770)
Total	8 124 368

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

35	CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUED)	2014
		R
35.07	Accumulated Surplus/(Deficit)	
	Correction of Operating lease asset Opening balance as at 30 June 2013 - Note 35.05	228 146
	First time recognition of Property, Plant and Equipment - 1 July 2013 - Note 35.01	28 858
	Backlog Depreciation on 1 July 2012 for Property, Plant and Equipment previously not recognised - Note 35.01	(3 525)
	Recapitalise assets previously disposed - 1 July 2013 - Note 35.01	45 310
	Backlog Depreciation on 1 July 2013 for Recapitalisation of assets previously disposed - Note 35.01	(22 176)
	Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.01	(106 209)
	Effect on Backlog Depreciation for Property, Plant and Equipment incorrectly capitalised - 1 July 2013 - Note 35.01	38 454
	Derecognise Land and Buildings - 1 July 2013 - at Fair value - Note 35.01	(725 000)
	Correction of Investment Property incorrectly capitalised - 1 July 2013 - at Fair value - Note 35.02	(4 782 500)
	Land and Buildings previously not recognised - 1 July 2013 - at Fair value - Note 35.01	4 283 599
	Investment Property previously not recognised - 1 July 2013 - at Fair value - Note 35.02	5 208 000
	Correction of Housing Rentals opening balance incorrectly disclosed - Note 35.06	(101 770)
	Total	<u><u>4 091 187</u></u>
35.08	Statement of Financial Performance	
	Balance previously reported	56 037 447
	Correction of Operating lease asset movement for 2013/14 - Note 35.05	(23 409)
	First time recognition of Property, Plant and Equipment - 2013/2014 - Note 35.01	42 771
	Depreciation for 2013/2014 for Property, Plant and Equipment previously not recognised - Note 35.01	(3 520)
	Depreciation for 2013/2014 for Recapitalisation of assets previously disposed - Note 35.01	(43 391)
	Reversal of Disposal of Property, Plant and Equipment - Cost - 2013/14 - Note 35.01	19 835
	Reversal of Disposal of Property, Plant and Equipment - Depreciation for 2013/14 - Note 35.01	(12 015)
	Property, Plant and Equipment incorrectly capitalised - 2013/2014 - Note 35.01	(13 228)
	Effect on Depreciation for 2013/2014 for Property, Plant and Equipment incorrectly capitalised - Note 35.01	11 289
	Revaluation on Land and Buildings for 2013/2014 previously not recognised - Note 35.04	(5 245)
	Reclassification of Property, Plant and Equipment to Investment Property - 1 July 2013 - at Fair value - Note 35.04	22 161
	Correction on Depreciation for 2013/14 of Ward 5 Bridge not Capitalised - Note 35.01	(9 100)
	Correction of Stock used for Electricity - 2013/2014 - Note 35.03	413 270
	Total	<u><u>56 436 864</u></u>
36	CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3	
36.01	Property, Plant and Equipment	
	Balance previously reported	-
	Reallocation of assets on 30 June 2013 - Note 36.02	1 787
	Reallocation of disposals during 2013/2014 - Note 36.02	(230)
	Total	<u><u>1 557</u></u>
36.02	Non-Current Assets held for Sale	
	Balance previously reported	1 557
	Reallocation of assets on 30 June 2013 - Note 36.01	(1 787)
	Reallocation of movements on assets held for sale during 2013/14 - Note 36.01	230
	Total	<u><u>-</u></u>

The change in accounting policy relates to the amendments included in GRAP 100 - "Discontinued Operations". The amendments require that assets held for sale shall not be reallocated to a separate line item in the statement of financial position. The transitional provision on initial adoption of GRAP 100 requires that:

- Changes to the way in which non-current assets held for sale are measured, shall be applied prospectively at the beginning of the period in which these amendments are adopted.
- Changes to the way in which non-current assets held for sale are classified and presented on the statement of financial position and accompanying notes, shall be applied retrospectively by adjusting information or the earliest period presented.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

	2015 R	2014 R
37 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	48 088 845	56 436 864
Adjustments for:		
Depreciation	15 774 071	11 794 120
Loss on disposal of property, plant and equipment	264 481	1 917 885
Impairments	117 632	-
Reversal of Impairment Losses of Property, Plant & Equipment	-	(4 094)
Contribution from/to employee benefits - non-current	2 170 206	1 935 257
Contribution from/to employee benefits - non-current - expenditure incurred	(321 381)	(384 875)
Contribution from/to employee benefits - non-current - actuarial gains	(544 767)	(585 789)
Contribution to employee benefits – current	3 752 534	3 740 444
Contribution to employee benefits – current - expenditure incurred	(2 240 338)	(2 999 069)
Contribution to provisions – non-current	194 664	166 064
Contribution to provisions – bad debt	4 383 762	5 823 363
Bad debts written off	-	(675 770)
Grants Received	158 440 654	135 611 377
Grants recognised as revenue	(151 993 584)	(147 213 069)
Unspent Grant returned to National Revenue Fund	-	(1 307 000)
Unspent Grant transferred to Trade Payables	-	(4 602 000)
Operating lease income accrued	25 780	14 325
Operating lease expenses accrued	1 497	3 402
Operating Surplus/(Deficit) before changes in working capital	77 468 251	59 671 435
Changes in working capital	(8 199 741)	2 318 917
Increase/(Decrease) in Payables from Exchange Transactions	(2 044 011)	8 282 677
Increase/(Decrease) in Taxes	(478 159)	(4 106 054)
(Increase)/Decrease in Inventory	637 344	(711 123)
(Increase)/Decrease in Receivables from exchange transactions	(4 460 736)	565 291
Increase in Other Receivables from non-exchange transactions	(1 854 178)	(1 711 875)
Cash generated/(absorbed) by operations	69 268 510	61 990 352
38 CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 20	181 296 599	161 791 490
Cash Floats - Note 20	700	700
Bank - Note 20	2 162 543	1 197 764
Total cash and cash equivalents	183 459 842	162 989 955
39 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 38	183 459 842	162 989 955
Less:	183 459 842	162 989 955
	16 761 727	11 300 729
Unspent Committed Conditional Grants - Note 9	16 761 727	11 300 729
Net cash resources available for internal distribution	166 698 115	151 689 226
Allocated to:		
Capital Replacement Reserve - Note 2.2	104 617 764	99 138 779
Valuation Roll Reserve - Note 2.2	909 291	613 936
Employee Benefit Reserve - Note 2.2	20 219 473	17 403 219
Resources available for Working capital requirements	62 080 351	52 550 447
40 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION		
Long-term Liabilities - Note 3	13 645 050	14 437 246
Used to finance property, plant and equipment - at cost	(13 645 050)	(14 437 246)
Cash invested for repayment of long-term liabilities	-	-
Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. The Annuity Loans carry interest of between 6.75 % and 8.92 % and will be repaid by 2030.		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

41 BUDGET COMPARISONS

In order to comply with the requirements of GRAP 24.12 and GRAP 24.27, all required disclosures are included in pages 8 to 13.

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED 2015 R 2014 R

42.1 Unauthorised expenditure

No over-expenditure on votes for the two reporting periods in the financial statements

	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
<u>Budget Comparison by Vote - Unauthorised expenditure current year - Operating</u>				
Executive & Council	26 042 744	26 331 200	(288 456)	-
Planning & Development	15 097 708	16 613 446	(1 515 738)	-
Corporate Services	17 056 885	25 761 399	(8 704 514)	-
Housing	1 402 113	1 881 135	(479 021)	-
Public Safety	56 226	67 796	(11 569)	-
Budget & Treasury	18 682 915	19 694 540	(1 011 625)	-
Road Transport	30 493 126	37 921 271	(7 428 145)	-
Waste Water Management	-	722 901	(722 901)	-
Electricity	30 865 998	36 285 725	(5 419 727)	-
Community & Social Services	7 649 380	9 623 978	(1 974 598)	-
Sport & Recreation	345 462	432 075	(86 614)	-
Waste Management	13 470 870	13 718 970	(248 100)	-
	161 163 428	189 054 435	(27 891 008)	-
	2015 R (Actual)	2015 R (Budget)	2015 R (Variance)	2015 R (Unauthorised)
<u>Budget Comparison by Vote - Unauthorised expenditure current year - Capita</u>				
Executive & Council	1 695 883	1 741 000	(45 117)	-
Planning & Development	814 377	1 190 000	(375 623)	-
Corporate Services	8 810 890	9 453 000	(642 110)	-
Housing	305 520	393 000	(87 480)	-
Public Safety	38 498	119 500	(81 002)	-
Budget & Treasury	2 157 529	3 196 000	(1 038 471)	-
Road Transport	16 110 246	21 681 436	(5 571 190)	-
Electricity	4 094 075	4 413 493	(319 418)	-
Community & Social Services	2 168 493	4 398 846	(2 230 353)	-
Sport & Recreation	11 615 615	15 490 025	(3 874 409)	-
Waste Management	631 702	1 474 000	(842 298)	-
	48 442 830	63 550 299	(15 107 469)	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

42 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED (CONTINUED)

42.2 **Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	978 907	-
Fruitless and wasteful expenditure current year	29 039	978 907
Condoned or written off by Council	(9 605)	-
Fruitless and wasteful expenditure awaiting condonement	998 341	978 907

Incident	Disciplinary steps/criminal proceedings	2015 R	2014 R
<i>Electricity losses higher than the norm</i>	<i>None</i>	-	969 302
<i>Interest paid to Eskom, Telkom and Kirchmanns - 2014</i>	<i>None</i>	-	9 605
<i>Interest paid to Eskom - 2015</i>	<i>None</i>	29 039	-
		29 039	978 907

42.3 **Irregular expenditure**

Reconciliation of irregular expenditure:

Opening balance	20 900	-
Irregular expenditure current year	667 329	20 900
Condoned or written off by Council	(20 900)	-
Irregular expenditure awaiting further action	667 329	20 900

Incident	Disciplinary steps/criminal proceedings	2015 R	2014 R
<i>Payments made as deviation from Supply Chain Processes</i>	<i>Disciplinary steps has been instituted</i>	529 195	-
<i>Deviations from Supply Chain regulations - Sect 44 - Awards to persons in service of state.</i>	<i>None</i>	138 134	20 900
		667 329	20 900

The classification, validation and recoverability of all irregular expenditure will be determined by Council in terms of section 32 of MFMA. No steps have been taken at this stage to recover any monies.

42.4 **Material Losses**

Electricity distribution losses

Kwh purchased	26 011 493	26 275 380
Kwh sold	22 382 572	22 278 982
Kwh losses	3 628 921	3 996 398
Kwh cost	0.7721	0.7081
% Losses - Notes - 42.2	13.95%	15.21%
Amount of Units lost considered as material losses above a norm of average 10%	1 027 771	1 368 860
Cost of units lost considered as material losses	793 516	969 302

43 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

43.1 **Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS**

Opening balance	-	-
Council subscriptions	607 514	482 265
Amount paid - current year	(607 514)	(482 265)
Balance unpaid (included in creditors)	-	-

43.2 **Audit fees - [MFMA 125 (1)(b)]**

Opening balance	-	-
Current year audit fee	2 114 502	1 644 465
Amount paid - current year	(2 114 502)	(1 644 465)
Amount paid - previous year	-	-
Balance unpaid (included in creditors)	-	-

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

43	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)	2015	2014
		R	R
43.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(5 082 019)	(1 854 772)
	Amounts received - previous year	2 428 281	1 854 772
	Amounts received - current year	4 757 692	4 817 110
	Amounts claimed - current year (payable)	(8 537 099)	(9 899 128)
	Closing balance Cr/(Dt)	(6 433 144)	(5 082 019)
	Vat in suspense due to cash basis of accounting	1 848 571	1 146 073
	VAT is payable on the receipt basis. Only once payment is received from the debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.		
43.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	9 742 169	8 725 830
	Amount paid - current year	(9 742 169)	(8 725 830)
	Balance unpaid	-	-
43.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	6 689 211	5 703 501
	Amount paid - current year	(6 689 211)	(5 703 501)
	Balance unpaid (included in creditors)	-	-
43.6	<u>Councillor's arrear consumer accounts - [MFMA 125 (1)(b)]</u>		
	No Councillors had arrear accounts outstanding for more than 90 days during the year		
	Refer to Note 52.1 for outstanding accounts at year-end for Councillors		
43.7	<u>Non-Compliance with Supply Chain Management Regulations</u>		
	During the year under review the municipality procured goods and services in accordance with the requirements of the supply chain management policy and all deviations from the policy and its related regulations were noted, approved by the Municipal Manager and condoned by Council.		
43.8	<u>Reporting i.t.o Section 45 - Supply Chain Management Regulations</u>		
	Awards to close family members of persons in the service of the state above R2 000		
	<u>Staff Member</u>	<u>Entity</u>	
	NG Ndlangwe	SJN Construction (Spouse is Director)	5 300
	TG Koena	Masekeleng Trading (Father is Owner)	60 501
	M A Theron	Lady Grey Joinery and Construction (Spouse is Director)	28 913
	D Oertel	First Wave (Son-in law is Director)	752 495.45
44	CAPITAL COMMITMENTS		
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	30 443 616	39 595 034
	Land & Buildings	974 308	10 688 439
	Infrastructure	17 648 473	15 298 248
	Community	11 820 835	13 608 347
	Total	30 443 616	39 595 034
	This expenditure will be financed from:		
	Capital Replacement Reserve	10 601 823	11 645 699
	Government Grants - MIG	19 841 793	23 460 213
	Department of Sport	-	4 489 122
		30 443 616	39 595 034

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions

(b) Price risk

The municipality is not exposed to price risk.

(c) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an on-going basis.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follows:

	2015 R	2014 R
1% (2014 - 0.5%) Increase in interest rates	1 698 141	742 760
0.5% (2014 - 0.5%) Decrease in interest rates	(849 070)	(742 760)

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 17 and 18 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms.

Balances past due not impaired:

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	772 418	100.00%	761 415
<u>Exchange Receivables</u>				
Electricity	89.87%	1 606 572	92.53%	942 840
Refuse	9.06%	161 915	6.34%	64 634
Other	1.07%	19 183	1.13%	11 500
	100.00%	1 787 670	100.00%	1 018 974

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 17 and 18 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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FINANCIAL RISK MANAGEMENT (CONTINUED)

The provision for bad debts could be allocated between the different classes of debtors as follows

	2015 %	2015 R	2014 %	2014 R
<u>Non-Exchange Receivables</u>				
Rates	100.00%	7 054 376	100.00%	5 851 688
<u>Exchange Receivables</u>				
Electricity	68.33%	11 477 357	66.43%	9 045 497
Refuse	30.63%	5 144 848	30.88%	4 204 586
Other	1.04%	175 304	2.69%	366 351
	<u>100.00%</u>	<u>16 797 509</u>	<u>100%</u>	<u>13 616 434</u>

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The entity only enters into non-current investment transactions with major banks with high quality credit standing. Although the credit risk pertaining to non-current investments are considered to be low, the maximum exposure are disclosed below.

The banks utilised by the municipality for current and non-current investments are listed on the JSE (Standard Bank). The credit quality of these institutions are evaluated based on their required SENS releases as well as other media reports. Based on all public communications, the financial sustainability is evaluated to be of high quality and the credit risk pertaining to these institutions are considered to be low.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Statement of Financial Position date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2015 R	2014 R
Financial assets exposed to credit risk at year end are as follows		
Receivables from exchange transactions	9 404 029	8 124 368
Cash and Cash Equivalents	183 459 842	162 989 955
Unpaid conditional grants and subsidies	-	986 071
	<u>192 863 871</u>	<u>172 100 394</u>

(e) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2015				
Long Term liabilities - Annuity Loans	1 868 301	6 790 715	7 349 623	6 003 957
Capital repayments	802 795	3 338 741	4 525 143	4 978 370
Interest	1 065 506	3 451 973	2 824 480	1 025 587
Provisions - Landfill Sites	-	767 144	3 406 404	4 961 191
Capital repayments	-	728 878	2 219 201	1 410 141
Interest	-	38 266	1 187 203	3 551 050
Trade and Other Payables	2 370 261	-	-	-
	<u>4 238 563</u>	<u>7 557 859</u>	<u>10 756 027</u>	<u>10 965 148</u>
2014				
Long Term liabilities	1 904 768	6 993 162	7 602 683	7 372 657
Capital repayments	791 775	3 286 625	4 437 524	5 921 323
Interest	1 112 994	3 706 538	3 165 159	1 451 334
Provisions - Landfill Sites	-	1 802 055	1 183 289	3 938 216
Capital repayments	-	1 470 153	882 988	1 362 978
Interest	-	331 902	300 300	2 575 239
Trade and Other Payables	4 455 775	-	-	-
	<u>6 360 543</u>	<u>8 795 218</u>	<u>8 785 972</u>	<u>11 310 874</u>

46

FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

		2015 R	2014 R
46.1 Financial Assets	Classification		
Receivables			
Receivables from exchange transactions	Financial instruments at amortised cost	8 725 569	7 387 389
Other Receivables			
Government Subsidies and Grants	Financial instruments at amortised cost	-	986 071
Short-term Investment Deposits			
Call Deposits	Financial instruments at amortised cost	181 296 599	161 791 490
Bank Balances and Cash			
Bank Balances	Financial instruments at amortised cost	2 162 543	1 197 764
Cash Floats and Advances	Financial instruments at amortised cost	700	700
		<u>192 185 411</u>	<u>171 363 415</u>
SUMMARY OF FINANCIAL ASSETS			
Financial instruments at amortised cost		<u>192 185 411</u>	<u>171 363 415</u>
46.2 Financial Liability	Classification		
Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	12 842 254	13 645 472
Payables from exchange transactions			
Trade creditors	Financial instruments at amortised cost	1 172 783	779 114
Deposits: Other	Financial instruments at amortised cost	5 799 478	8 278 661
Current Portion of Long-term Liabilities			
Annuity Loans	Financial instruments at amortised cost	802 795	791 775
		<u>20 617 311</u>	<u>23 495 021</u>
SUMMARY OF FINANCIAL LIABILITY			
Financial instruments at amortised cost		<u>20 617 311</u>	<u>23 495 021</u>

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

47	STATUTORY RECEIVABLES	2015 R	2014 R
	In accordance with principles of GRAP 108, Statutory Receivables of the municipality are classified as follows:		
	Taxes		
	Vat Receivable	6 602 552	5 527 514
	Receivables from Non-Exchange Transactions		
	Rates	542 057	676 128
		7 144 609	6 203 642
		7 144 609	6 203 642
48	EVENTS AFTER THE REPORTING DATE		
	The Transwilger Community Hall on Erf 738 in Lady Grey burned down on 15 August 2015. The Community Hall was valued at R822 500 for 2015.		
49	IN-KIND DONATIONS AND ASSISTANCE		
	The municipality did not receive any in-kind donations or assistance during the year under review.		
50	PRIVATE PUBLIC PARTNERSHIPS		
	Council has not entered into any private public partnerships during the financial year.		
51	CONTINGENT LIABILITY	2015 R	2014 R
	The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:		
	<u>Traffic Officers</u>		
	Appeal against arbitration outcome to reinstate traffic officers who were found guilty of corruption. This is a pending review in the Labour Court along with an ancillary urgent application. The potential cost of R550 000 includes the retrospective reinstatement of three former employees. The case was finalised on 27 March 2015.	-	550 000
	<u>Landfill Sites</u>		
	The municipality does not have a permit or license for all of the landfill sites currently in use and could be liable for a penalty in terms of section 24G of the Environmental Conservation Act.	-	-
	<u>Hawks matter</u>		
	Currently a Pending Investigation from the HAWKS is on-going, a case has been opened and employees has been charged.	-	-
	<u>Ex-gracia payment</u>		
	Upon termination of MM and 3 other Section 57 Managers contracts, an ex-gracia amount of 1.25 x the employees' gross annual salary will be paid to these employees.	7 255 468	7 337 511
	<u>Land Invasion</u>		
	The municipality is currently engaged in litigation in respect of various land invasion cases in the Senqu Municipal Area.	-	-
	<u>Moeletsi, Ngogodo & April defamation claims</u>		
	The Councillors have each instituted separate legal proceedings against the Municipality, together with the Mayor, for defamation in respect of an article that appeared in the Eagle Eye Newspaper in August 2013.	300 000	300 000
	<u>Languza matter</u>		
	Pending matter for the unfair dismissal of N. Languza. A debtor of R346 680 has been created as security on the matter.	-	-

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

52 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

52.1 Related Party Transactions

	Rates - Levied 1 Jul 14 - 30 Jun 15	Service Charges - Levied 1 Jul 14 - 30 Jun 15
Year ended 30 JUNE 2015		
Councillors	6 112	73 574
N Mtyali	-	25 846
J Konstable	1 854	1 450
M Mjali	-	1 450
R M Joubert	1 671	5 328
Mpelwane	-	1 450
M Mfisa	-	13 851
M Mafilika	-	1 450
M Eliya	27	1 450
N C Motemekwana	-	1 450
S Thindleni	487	15 497
NR Nthako	-	1 450
HI van Der Walt	-	1 450
MA Mshasha	2 073	1 450
Municipal Manager and Section 57 Employees	4 501	24 071
MM Yawa	-	10 224
R Crozier	4 501	13 847

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

52.2 Compensation of key management personnel

The compensation of key management personnel and the Remuneration of Councillors is set out in notes 25 and 26 to the Annual Financial Statements.

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2015

Reconciliation of Carrying Value

	Opening Balance R	Additions * R	Cost Disposals R	Gain on Fair Value Revaluation	Transfer	Closing Balance R	Opening Balance R	Depreciation Charge R	Accumulated Depreciation Loss on Fair Value Disposals/ Revaluation R	Revaluations	Transfer to Cost	Closing Balance R	Carrying Value R
Land and Buildings	59 818 750	10 813 398	-	13 861 414	(4 184 901)	80 308 662	-	499 409	499 409	4 184 901	(4 184 901)	-	80 308 662
Land	13 525 050	400 000	-	8 542 416	(2 650 321)	19 817 145	-	-	-	2 650 321	(2 650 321)	-	19 817 145
Buildings	46 293 700	10 413 398	-	5 318 998	(1 534 580)	60 491 517	-	499 409	499 409	1 534 580	(1 534 580)	-	60 491 517
Infrastructure	189 115 674	16 155 996	325 993	-	-	204 945 677	54 810 854	9 559 599	304 865	-	-	64 065 588	140 880 089
Main: Roads	127 408 200	5 073 214	312 854	-	-	132 168 560	44 979 648	7 599 546	302 499	-	-	52 276 695	79 891 865
Main: Storm Water	35 141 967	7 944 790	13 139	-	-	43 073 619	6 175 260	1 096 520	2 366	-	-	7 269 413	35 804 205
Main: Waste Management	3 124 477	115 777	-	-	-	3 240 254	1 213 972	150 928	-	-	-	1 364 900	1 875 355
Main: Electricity	10 924 598	3 022 215	-	-	-	13 946 813	2 440 917	326 592	-	-	-	2 767 508	11 179 305
Taxi Ranks	12 516 431	-	-	-	-	12 516 431	1 058	386 015	-	-	-	387 072	12 129 359
Community Assets	16 210 904	12 532 922	-	-	-	28 743 826	326 150	573 952	-	-	-	900 102	27 843 724
Sports Fields	4 900 752	11 518 405	-	-	-	16 419 157	44 455	223 968	-	-	-	268 423	16 150 734
Node Development	8 380 791	-	-	-	-	8 380 791	264 175	260 605	-	-	-	524 780	7 856 011
Parks & Gardens	954 392	135 708	-	-	-	1 090 100	6 410	42 442	-	-	-	48 852	1 041 248
Cemetery	1 974 969	878 808	-	-	-	2 853 778	11 110	46 937	-	-	-	58 047	2 795 730
Leased Assets	91 610	-	-	-	-	91 610	83 913	3 263	-	-	-	87 176	4 434
Office Equipment	91 610	-	-	-	-	91 610	83 913	3 263	-	-	-	87 176	4 434
Other Assets	39 318 398	8 828 966	1 990 789	-	-	46 156 575	12 141 321	4 873 581	1 432 150	-	-	15 582 753	30 573 822
Motor Vehicles	6 579 674	5 152 369	1 166 056	-	-	10 565 986	3 234 660	1 362 300	657 653	-	-	3 939 307	6 626 680
Plant & Equipment	20 825 826	1 024 964	403 927	-	-	21 446 863	5 052 311	2 019 541	406 326	-	-	6 665 525	14 781 338
Office Equipment	1 614 980	118 445	92 284	-	-	1 641 141	785 453	239 382	77 964	-	-	946 871	694 270
Furniture & Fittings	3 563 313	909 146	45 121	-	-	4 427 338	1 154 168	396 326	32 970	-	-	1 517 525	2 909 813
Loose Equipment	567 917	-	40 374	-	-	527 543	121 706	113 359	21 504	-	-	213 561	313 983
Computer Equipment	2 694 499	1 624 043	243 026	-	-	4 075 515	1 579 556	481 677	235 732	-	-	1 825 501	2 250 014
Specialised Vehicles	3 469 298	-	-	-	-	3 469 298	210 701	260 940	-	-	-	471 641	2 997 657
Security Items	2 890	-	-	-	-	2 890	2 766	56	-	-	-	2 822	68
	304 555 336	48 331 283	2 316 782	13 861 414	(4 184 901)	360 246 350	67 362 239	15 509 804	2 236 424	4 184 901	(4 184 901)	80 635 620	279 610 731

* Included in the Additions for 2014/2015 is an amount of R13 669 418 for work-in-progress

SENQU MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

30 JUNE 2014

Reconciliation of Carrying Value - Restated - Note 35.01

	Cost					Accumulated Depreciation					Carrying Value		
	Opening Balance R	Additions R	Disposals - Restated R	Gain on Fair Value Revaluation	Transfer	Closing Balance R	Opening Balance R	Depreciation Charge R	Disposals/ Revaluation R	Loss on Fair Value Revaluations	Transfer	Closing Balance R	R
Land and Buildings	53 452 358	6 366 392	-	-	-	59 818 750	-	431 541	431 541	-	-	-	59 818 750
Land	13 525 050	-	-	-	-	13 525 050	-	-	-	-	-	-	13 525 050
Buildings	39 927 309	6 366 392	-	-	-	46 293 700	-	431 541	431 541	-	-	-	46 293 700
Infrastructure	155 010 176	34 169 011	63 513	-	-	189 115 674	47 349 832	7 465 868	4 847	-	-	54 810 854	134 304 820
Main: Roads	98 777 351	28 688 451	57 602	-	-	127 408 200	38 992 930	5 988 860	2 142	-	-	44 979 648	82 428 552
Main: Storm Water	30 829 712	4 313 535	1 280	-	-	35 141 967	5 161 122	1 015 398	1 260	-	-	6 175 260	28 966 708
Main: Waste Management	2 904 379	220 098	-	-	-	3 124 477	1 063 045	150 928	-	-	-	1 213 972	1 910 505
Main: Electricity	10 137 918	791 311	4 631	-	-	10 924 598	2 132 736	309 625	1 444	-	-	2 440 917	8 483 681
Taxi Ranks	12 360 816	155 616	-	-	-	12 516 431	-	1 058	-	-	-	1 058	12 515 374
Community Assets	11 456 762	4 754 143	-	-	-	16 210 904	4 530	321 621	-	-	-	326 150	15 884 754
Sports Fields	2 780 560	2 120 192	-	-	-	4 900 752	-	44 455	-	-	-	44 455	4 856 297
Node Development	8 380 791	-	-	-	-	8 380 791	3 570	260 605	-	-	-	264 175	8 116 616
Parks & Gardens	9 579	944 813	-	-	-	954 392	960	5 450	-	-	-	6 410	947 982
Cemetery	285 832	1 689 138	-	-	-	1 974 969	-	11 110	-	-	-	11 110	1 963 859
Leased Assets	91 610	-	-	-	-	91 610	80 650	3 263	-	-	-	83 913	7 697
Office Equipment	91 610	-	-	-	-	91 610	80 650	3 263	-	-	-	83 913	7 697
Other Assets	35 156 101	7 411 026	3 248 730	-	-	39 318 398	10 063 055	3 344 198	1 265 932	-	-	12 141 321	27 177 076
Motor Vehicles	5 295 561	1 381 816	97 703	-	-	6 579 674	2 584 682	725 187	75 209	-	-	3 234 660	3 345 014
Plant & Equipment	21 352 985	2 304 553	2 831 712	-	-	20 825 826	4 425 586	1 546 292	919 566	-	-	5 052 311	15 773 516
Office Equipment	1 640 218	132 499	157 737	-	-	1 614 980	687 288	231 731	133 565	-	-	785 453	829 527
Furniture & Fittings	2 472 626	1 128 911	38 225	-	-	3 563 313	944 814	237 950	28 595	-	-	1 154 168	2 409 144
Loose Equipment	271 188	311 593	14 864	-	-	567 917	60 620	71 790	10 704	-	-	121 706	446 212
Computer Equipment	2 383 790	419 198	108 489	-	-	2 694 499	1 301 274	376 574	98 292	-	-	1 579 556	1 114 943
Specialised Vehicles	1 736 842	1 732 456	-	-	-	3 469 298	56 605	154 097	-	-	-	210 701	3 258 597
Security Items	2 890	-	-	-	-	2 890	2 188	578	-	-	-	2 766	124
	255 167 007	52 700 572	3 312 242	-	-	304 555 336	57 498 068	11 566 491	1 702 319	-	-	67 362 239	237 193 097

GRAP 17 - Property, Plant and Equipment

Included in PPE balances at each reporting period are the following Work in Progress balances. No depreciation is charged on these balances before the project is completed.

	2015 R	2014 R
Buildings	579 465	2 091 876
Cemeteries	2 132 275	1 492 194
Infrastructure - Electricity (Restated 2014)	3 022 215	-
Infrastructure - Roads (Restated 2014)	4 113 134	27 307 304
Infrastructure - Waste Management	565 489	449 712
Parks & Gardens	-	721 865
Sports Fields	6 462 567	1 677 000
Taxi Ranks	-	935 995
	16 875 145	34 675 946

INSERT ACCOUNTING POLICY

**APPENDIX A - Audited
SENQU MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2015**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 JUNE 2014	Redeemed written off during the period	Balance at 30 JUNE 2015
ANNUITY LOANS						
DBSA loan	Floating	103126/1	2029	9 793 833	631 860	9 161 972
DBSA loan	Fixed	103126/2	2030	4 643 414	160 336	4 483 077
Total Annuity Loans				14 437 246	792 197	13 645 050
TOTAL EXTERNAL LOANS				14 437 246	792 197	13 645 050

**APPENDIX B - Audited
SENQU MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2015
GENERAL FINANCE STATISTICS CLASSIFICATION**

	Cost/Revaluation				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions (Includes WIP)	Disposals	Closing Balance	Opening Balance	Additions	Disposals/Revaluation	Closing Balance	
Executive & Council	2 922 675	1 695 883	719 653	3 898 905	996 731	493 745	280 142	1 210 334	2 688 571
Planning & Development	1 384 396	814 377	10 192	2 188 582	465 456	251 445	8 228	708 672	1 479 910
Corporate Services	68 141 611	8 810 890	102 710	76 849 792	1 467 089	765 544	68 334	2 164 299	74 685 493
Budget & Treasury	3 133 657	2 157 529	262 245	5 028 941	1 745 963	514 387	251 368	2 008 983	3 019 959
Road Transport	197 234 173	16 110 246	1 025 080	212 319 339	56 877 607	11 150 234	986 890	67 040 951	145 278 388
Electricity	13 300 815	4 094 075	125 450	17 269 441	3 347 876	719 060	106 588	3 960 348	13 309 093
Community & Social Services	15 145 759	2 168 493	56 004	17 258 248	528 821	489 694	46 613	971 902	16 286 346
Public Safety	724 039	38 498	-	762 537	6 410	32 624	-	39 034	723 503
Sport & Recreation	5 156 964	11 615 615	-	16 772 579	56 305	236 432	-	292 736	16 479 843
Waste Management	10 173 051	631 702	69 848	10 734 905	2 278 281	886 553	42 465	3 122 369	7 612 535
	317 317 140	48 137 311	2 371 184	363 083 267	67 770 539	15 539 720	1 790 631	81 519 628	281 563 639

**APPENDIX C - Audited
SENQU MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2015
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

2014 Actual Income R	2014 Actual Expenditure R	2014 Surplus/ (Deficit) R		2015 Actual Income R	2015 Actual Expenditure R	2015 Surplus/ (Deficit) R
5 571 000	21 627 498	(16 056 498)	Executive & Council	7 413 870	26 042 744	(18 628 873)
878 088	11 646 815	(10 768 728)	Planning & Development	1 929 033	15 097 708	(13 168 675)
163 837	10 835 633	(10 671 796)	Corporate Services	6 009 724	17 056 885	(11 047 162)
252 685	1 393 437	(1 140 753)	Housing	29 927	1 402 113	(1 372 187)
74 394	14 413	59 981	Public Safety	167 543	56 226	111 317
98 705 169	15 525 040	83 180 129	Budget & Treasury	109 473 003	18 682 915	90 790 089
41 118 285	27 065 661	14 052 624	Road Transport	22 625 850	30 493 126	(7 867 276)
32 924 086	31 105 773	1 818 313	Electricity	37 402 695	30 865 998	6 536 697
4 669 454	7 205 991	(2 536 536)	Community & Social Services	3 560 340	7 649 380	(4 089 040)
2 221 294	242 705	1 978 589	Sport & Recreation	12 816 133	345 462	12 470 671
7 445 216	10 923 677	(3 478 462)	Waste Management	7 824 154	13 470 870	(5 646 716)
194 023 506	137 586 644	56 436 864	Total	209 252 273	161 163 428	48 088 845

**APPENDIX D - Audited
SENQU MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2014	Contributions during the year	Interest on Investments	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 JUNE 2015
	R	R	R	R	R	R
CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS						
<u>National Government Grants</u>						
Equitable Share	-	110 942 000	-	110 942 000	-	-
Municipal Finance Management	-	1 600 000	-	1 600 000	-	-
Municipal Infrastructure Grant	(986 071)	35 838 000	-	5 184 074	24 825 155	4 842 699
Municipal Systems Improvement	-	934 000	-	934 000	-	-
NDPG (Neighbourhood Development Partnership Grant)	2 010 056	-	-	-	-	2 010 056
EPWP (Expanded Public Works Program)	-	1 976 000	-	1 976 000	-	-
Dept Sport (Youth Development - Sport Fields)	-	3 064 460	-	253 587	2 810 874	-
Total National Government Grants	1 023 985	154 354 460	-	120 889 661	27 636 029	6 852 755
<u>Provincial Government Grants</u>						
Prov Gov - Housing (Hillside)	232 652	-	-	-	-	232 652
Herschel People's Housing	8 053 512	-	393 393	-	-	8 446 905
Vuna Awards	359 596	-	-	359 596	-	-
Alien Vegetation Eradication	644 912	2 492 800	-	1 908 299	-	1 229 414
Libraries	-	1 200 000	-	1 200 000	-	-
Total Provincial Government Grants	9 290 673	3 692 800	393 393	3 467 894	-	9 908 972
Total	10 314 658	158 047 260	393 393	124 357 555	27 636 029	16 761 727

**APPENDIX E - Audited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (STANDARD CLASSIFICATION)**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue - Standard								
<i>Governance and administration</i>	112 477	3 785	116 263	122 897	6 634	105.7%	109.3%	104 440
Executive and council	6 907	-	6 907	7 414	507	107.3%	107.3%	5 571
Budget and treasury office	105 511	2 040	107 551	109 473	1 922	101.8%	103.8%	98 705
Corporate services	60	1 746	1 805	6 010	4 205	332.9%	10091.8%	164
<i>Community and public safety</i>	11 787	7 347	19 134	16 574	(2 560)	86.6%	140.6%	7 218
Community and social services	4 891	2 416	7 307	3 560	(3 747)	48.7%	72.8%	4 669
Sport and recreation	5 688	5 597	11 285	12 816	1 531	113.6%	225.3%	2 221
Public safety	768	(242)	526	168	(359)	31.8%	21.8%	74
Housing	440	(424)	16	30	14	188.2%	6.8%	253
<i>Economic and environmental services</i>	40 845	(17 201)	23 644	24 555	911	103.9%	60.1%	41 996
Planning and development	893	2 245	3 138	1 929	(1 209)	61.5%	216.0%	878
Road transport	39 952	(19 446)	20 506	22 626	2 120	110.3%	56.6%	41 118
<i>Trading services</i>	38 256	4 622	42 879	45 231	2 352	105.5%	118.2%	40 369
Electricity	30 138	950	31 088	37 403	6 315	120.3%	124.1%	32 924
Waste management	8 118	3 672	11 791	7 828	(3 962)	66.4%	96.4%	7 445
Total Revenue - Standard	203 366	(1 447)	201 919	209 256	7 337	103.6%	102.9%	194 024
Expenditure - Standard								
<i>Governance and administration</i>	63 693	8 094	71 787	61 783	(10 005)	86.1%	97.0%	47 988
Executive and council	26 675	(343)	26 331	26 043	(288)	98.9%	97.6%	21 627
Budget and treasury office	20 650	(955)	19 695	18 683	(1 012)	94.9%	90.5%	15 525
Corporate services	16 369	9 392	25 761	17 057	(8 705)	66.2%	104.2%	10 836
<i>Community and public safety</i>	23 978	(11 267)	12 711	9 453	(3 258)	74.4%	39.4%	8 857
Community and social services	11 192	(1 568)	9 624	7 649	(1 975)	79.5%	68.3%	7 206
Sport and recreation	430	2	432	345	(87)	80.0%	80.3%	243
Public safety	766	8	774	56	(718)	7.3%	7.3%	14
Housing	11 590	(9 708)	1 881	1 402	(479)	74.5%	12.1%	1 393
<i>Economic and environmental services</i>	51 734	2 801	54 535	45 591	(8 944)	83.6%	88.1%	38 712
Planning and development	13 555	3 058	16 613	15 098	(1 516)	90.9%	111.4%	11 647
Road transport	38 178	(257)	37 921	30 493	(7 428)	80.4%	79.9%	27 066
<i>Trading services</i>	51 098	(1 077)	50 021	44 341	(5 680)	88.6%	86.8%	42 029
Electricity	35 883	(304)	35 579	30 866	(4 713)	86.8%	86.0%	31 106
Waste water management	827	(104)	723	-	(723)	-	-	-
Waste management	14 387	(668)	13 719	13 475	(244)	98.2%	93.7%	10 924
Total Expenditure - Standard	190 503	(1 449)	189 054	161 168	(27 887)	85.2%	84.6%	137 587
Surplus/(Deficit) for the year	12 862	2	12 865	48 089	35 224	373.8%	373.9%	56 437

**APPENDIX E - Audited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue by Vote								
Executive and Council	6 907	-	6 907	7 414	507	107.3%	107.3%	5 571
Budget and Treasury Office	105 511	2 040	107 551	109 473	1 922	101.8%	103.8%	98 705
Corporate Services	60	1 746	1 805	6 010	4 205	332.9%	10091.8%	164
Community and Social Services	4 891	2 416	7 307	3 560	(3 747)	48.7%	72.8%	4 669
Sport and Recreation	5 688	5 597	11 285	12 816	1 531	113.6%	225.3%	2 221
Public Safety	768	(242)	526	168	(359)	31.8%	21.8%	74
Housing	440	(424)	16	30	14	188.2%	6.8%	253
Planning and development	893	2 245	3 138	1 929	(1 209)	61.5%	216.0%	878
Road Transport	39 952	(19 446)	20 506	22 626	2 120	110.3%	56.6%	41 118
Electricity	30 138	950	31 088	37 403	6 315	120.3%	124.1%	32 924
Waste Management	8 118	3 672	11 791	7 824	(3 967)	66.4%	96.4%	7 445
Total Revenue by Vote	203 366	(1 447)	201 919	209 252	7 333	103.6%	102.9%	194 024
Expenditure by Vote to be appropriated								
Executive and Council	26 675	(343)	26 331	26 043	(288)	98.9%	97.6%	21 627
Budget and Treasury Office	20 650	(955)	19 695	18 683	(1 012)	94.9%	90.5%	15 525
Corporate Services	16 369	9 392	25 761	17 057	(8 705)	66.2%	104.2%	10 836
Community and Social Services	11 192	(1 568)	9 624	7 649	(1 975)	79.5%	68.3%	7 206
Sport and Recreation	430	2	432	345	(87)	80.0%	80.3%	243
Public Safety	766	8	774	56	(718)	7.3%	7.3%	14
Housing	11 590	(9 708)	1 881	1 402	(479)	74.5%	12.1%	1 393
Planning and development	13 555	3 058	16 613	15 098	(1 516)	90.9%	111.4%	11 647
Road Transport	38 178	(257)	37 921	30 493	(7 428)	80.4%	79.9%	27 066
Electricity	35 883	(304)	35 579	30 866	(4 713)	86.8%	86.0%	31 106
Waste water management	827	(104)	723	-	(723)	-	-	-
Waste Management	14 387	(668)	13 719	13 471	(248)	98.2%	93.6%	10 924
Total Expenditure by Vote	190 503	(1 449)	189 054	161 163	(27 891)	85.2%	84.6%	137 587
Surplus/(Deficit) for the year	12 862	2	12 865	48 089	35 224	373.8%	373.9%	56 437

**APPENDIX E - Audited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
REVENUE AND EXPENDITURE**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
Revenue By Source								
Property rates	4 521	1 680	6 201	4 607	(1 594)	74.3%	101.9%	4 492
Service charges	23 163	800	23 963	29 279	5 315	122.2%	126.4%	26 052
Rental of facilities and equipment	295	-	295	614	319	208.3%	208.3%	478
Interest earned - external investments	6 000	-	6 000	10 512	4 512	175.2%	175.2%	8 881
Interest earned - outstanding debtors	898	150	1 048	1 970	921	187.9%	219.3%	1 544
Fines	64	-	64	421	358	662.2%	662.2%	34
Licences and permits	1 208	-	1 208	1 301	93	107.7%	107.7%	1 548
Agency services	2 228	-	2 228	575	(1 653)	25.8%	25.8%	1 956
Transfers recognised - operational	119 988	2 279	122 266	124 358	2 091	101.7%	103.6%	111 527
Other revenue	387	1 746	2 132	7 981	5 849	374.3%	2064.7%	1 824
Gains on disposal of PPE	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	158 751	6 654	165 406	181 616	16 210	2485.7%	114.4%	158 337
Expenditure By Type								
Employee related costs	55 967	5 807	61 774	54 496	(7 278)	88.2%	97.4%	48 400
Remuneration of councillors	10 630	130	10 760	10 399	(361)	96.6%	97.8%	9 580
Debt impairment	4 569	-	4 569	4 554	(14)	99.7%	99.7%	5 093
Depreciation & asset impairment	17 105	10 797	27 902	20 963	(6 939)	75.1%	122.6%	11 794
Finance charges	1 639	-	1 639	1 341	(298)	81.8%	81.8%	1 281
Bulk purchases	28 545	-	28 545	20 079	(8 465)	70.3%	70.3%	19 424
Transfers and grants	150	333	483	480	(3)	99.3%	319.7%	111
Other expenditure	70 975	(17 593)	53 383	48 587	(4 796)	91.0%	68.5%	39 986
Loss on disposal of PPE	-	-	-	264	264			1 918
Total Expenditure	189 580	(526)	189 054	161 163	(27 891)	-3595.3%	85.0%	137 587
Surplus/(Deficit)	(30 829)	7 180	(23 649)	20 453	44 101	-86.5%	-66.3%	20 751
Transfers recognised - capital	44 614	(8 101)	36 513	27 636	(8 877)	75.7%	61.9%	35 686
Contributed assets	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	13 786	(921)	12 865	48 089	35 224	373.8%	348.8%	56 437

**APPENDIX E - Audited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING**

Description	2014/2015							2013/2014 Restated Audited Outcome
	Original Budget	Budget Adjustments (i.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
R thousand								
Capital expenditure - Vote								
Multi-year expenditure								
Vote 1 - Executive & Council	-	-	-	-	-	-	-	-
Vote 2 - Planning & Development	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services	-	-	-	-	-	-	-	-
Vote 4 - Budget & Treasury	-	-	-	-	-	-	-	-
Vote 5 - Road Transport	13 163	(7 936)	5 227	12 120	6 893	231.9%	92.1%	11 048
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-	-	-
Vote 8 - Health	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	5 200	(2 883)	2 317	1 252	(1 065)	54.0%	24.1%	-
Vote 10 - Sport & Recreation	-	-	-	-	-	-	-	2 036
Vote 11 - Public Safety	-	-	-	-	-	-	-	-
Vote 12 - Electricity	-	-	-	-	-	-	-	-
Vote 13 - Waste Management	4 552	(4 252)	300	116	(184)	38.6%	2.5%	-
Vote 14 - Water	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital multi-year expenditure	22 915	(15 071)	7 844	13 488	5 644	171.9%	58.9%	13 084
Single-year expenditure								
Vote 1 - Executive & Council	1 770	(29)	1 741	1 696	(45)	97.4%	95.8%	302
Vote 2 - Planning & Development	1 190	-	1 190	814	(376)	68.4%	68.4%	50
Vote 3 - Corporate Services	6 950	2 503	9 453	8 811	(642)	93.2%	126.8%	5 298
Vote 4 - Budget & Treasury	800	2 396	3 196	2 158	(1 038)	67.5%	269.7%	393
Vote 5 - Road Transport	3 653	12 801	16 454	3 990	(12 464)	24.3%	109.2%	24 258
Vote 6 - Waste Water Management	-	-	-	-	-	-	-	-
Vote 7 - Housing	490	(97)	393	306	(87)	77.7%	62.4%	-
Vote 8 - Health	-	-	-	-	-	-	-	-
Vote 9 - Community & Social Services	3 070	(988)	2 082	916 491.59	(1 165)	44.0%	29.9%	4 063
Vote 10 - Sport & Recreation	8 818	6 672	15 490	11 616	(3 874)	75.0%	131.7%	315
Vote 11 - Public Safety	100	20	120	38	(81)	32.2%	38.5%	714
Vote 12 - Electricity	5 130	(717)	4 413	4 094	(319)	92.8%	79.8%	1 276
Vote 13 - Waste Management	1 320	(146)	1 174	515 925.50	(658)	43.9%	39.1%	2 947
Vote 14 - Water	-	-	-	-	-	-	-	-
Vote 15 - Other	-	-	-	-	-	-	-	-
Capital single-year expenditure	33 291	22 415	55 706	34 955	(20 751)	63%	105%	39 616
Total Capital Expenditure - Vote	56 206	7 344	63 550	48 443	(15 107)	76%	86%	52 701
Capital Expenditure - Standard								
Governance and administration	9 520	4 870	14 390	12 664	(1 726)	88.0%	133.0%	5 993
Executive and council	1 770	(29)	1 741	1 696	(45)	97.4%	95.8%	302
Budget and treasury office	800	2 396	3 196	2 158	(1 038)	67.5%	269.7%	393
Corporate services	6 950	2 503	9 453	8 811	(642)	93.2%	126.8%	5 298
Community and public safety	17 678	2 724	20 401	12 876	(7 525)	63.1%	72.8%	7 128
Community and social services	8 270	(3 871)	4 399	916	(3 482)	20.8%	11.1%	4 063
Sport and recreation	8 818	6 672	15 490	11 616	(3 874)	75.0%	131.7%	2 351
Public safety	100	20	120	38	(81)	32.2%	38.5%	714
Housing	490	(97)	393	306	(87)	77.7%	62.4%	-
Health	-	-	-	-	-	-	-	-
Economic and environmental services	18 006	4 865	22 871	16 925	(5 947)	74.0%	94.0%	35 356
Planning and development	1 190	-	1 190	814	(376)	68.4%	68.4%	50
Road transport	16 816	4 865	21 681	16 110	(5 571)	74.3%	95.8%	35 306
Environmental protection	-	-	-	-	-	-	-	-
Trading services	11 002	(5 115)	5 887	4 610	(1 277)	78.3%	41.9%	4 223
Electricity	5 130	(717)	4 413	4 094	(319)	92.8%	79.8%	1 276
Water	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-
Waste management	5 872	(4 398)	1 474	516	(958)	35.0%	8.8%	2 947
Other	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	56 206	7 344	63 550	47 075	(16 475)	74%	84%	52 701
Funded by:								
National Government	44 614	(8 101)	36 513	-	(36 513)	-	-	20 143
Provincial Government	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-
Transfers recognised - capital	44 614	(8 101)	36 513	-	(36 513)	-	-	20 143
Public contributions & donations	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-
Internally generated funds	11 592	15 445	27 037	-	(44 078)	-63.0%	-147.0%	32 558
Total Capital Funding	56 206	7 344	63 550	-	(63 550)	-	-	52 701

**APPENDIX E - Audited
SENQU MUNICIPALITY
NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015
CASH FLOWS**

Description	2014/2015							2013/2014
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand								
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts					-	-	-	
Ratepayers and other	30 775	(8 740)	22 035	34 263	12 228	155.5%	111.3%	33 318
Government - operating	119 988	2 493	122 480	158 441	35 960	129.4%	132.0%	134 304
Government - capital	44 614	(8 101)	36 513	-	(36 513)	-	-	-
Interest	6 898	150	7 048	10 512	3 463	149.1%	152.4%	8 881
Payments					-	-	-	
Suppliers and employees	(170 032)	3 115	(166 918)	(132 126)	34 791	79.2%	77.7%	(113 122)
Finance charges	(1 639)	-	(1 639)	(1 341)	298	81.8%	81.8%	(47 389)
Transfers and Grants	(150)	(333)	(483)	(480)	3	99.3%	319.7%	(1 391)
NET CASH FROM/(USED) OPERATING ACTIVITIES	30 454	(11 417)	19 037	69 269	50 232	363.9%	227.5%	14 601
CASH FLOWS FROM INVESTING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Proceeds on disposal of PPE	-	-	-	316	-	-	-	128
Payments					-	-	-	
Capital assets	(56 206)	(7 344)	(63 550)	(48 443)	15 107	76.2%	86.2%	(52 757)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(56 206)	(7 344)	(63 550)	(48 127)	15 424	75.7%	85.6%	(52 629)
CASH FLOWS FROM FINANCING ACTIVITIES					-	-	-	
Receipts					-	-	-	
Increase (decrease) in consumer deposits	82	(79)	3	120	118	4792.6%	146.9%	169
Payments					30 649	-	-	
Repayment of borrowing	(827)	35	(792)	(792)	(0)	100.1%	95.8%	(793)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(745)	(44)	(789)	(672)	117	85.1%	90.2%	(624)
NET INCREASE/ (DECREASE) IN CASH HELD	(26 498)	(18 805)	(45 303)	20 470	65 773	-45.2%	-77.3%	(38 652)
Cash/cash equivalents at the year begin:	105 448	57 542	162 990	162 990	-	100.0%	154.6%	154 253
Cash/cash equivalents at the year end:	78 950	38 737	117 687	183 460	65 890	155.9%	232.4%	162 990