



BOJANALA PLATINUM DISTRICT MUNICIPALITY  
Financial statements  
for the year ended 30 June 2015  
Auditor General of South Africa

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Legal form of entity</b>	District Municipality
<b>Mayoral committee</b>	
Executive Mayor	Cllr LJR Diremelo
Councillors	Cllr G Mtshali
	Cllr MA Molekwa
	Cllr A Tihapi
	Cllr M Mmatlwa
	Cllr PT Marumola
	Cllr JJ Kgarimetsa
	Cllr O Molefi
	Cllr DMN Ngadi
	Cllr G Segodi
	Cllr LW Rampete
	Cllr AM Dolo
	Cllr R Seremane
	Cllr K Kgaswe
	Cllr GJ Smit
	Clrr PE Hendricks
	Cllr RP Zwede
	Cllr DM Makhura
	Cllr P Maakane
	Cllr DM Makgamatho
	Cllr S Mathatho
	Cllr K Moraka
	Cllr DBS Mbekwa
	Cllr MB Khoza
	Cllr MJ Madise
	Cllr MA Mogale
	Cllr PP Mngomezulu
	Cllr H Ndlovu
	Cllr JM Radiokana
	Cllr MG Ramapotoka
	Cllr LMJ Tshite
	Cllr ML Zitha
	Cllr AR Ramokoka
	Cllr ETM Modise
	Cllr PN More
	Cllr M Serero
	Cllr EJ Barlow
	Cllr FJ Motepe,
	Cllr J Sefudi
	Cllr CD Sekhoto
	Cllr EDF Lourens
	Cllr TS Bogale
	Cllr RD Lekoane
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# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## General Information

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<b>Accounting Officer</b>	I.K Sirovha
<b>Chief Finance Officer (CFO)</b>	M Jansen
<b>Business address</b>	Cnr. Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
<b>Postal address</b>	P.O.Box 1993 Rustenburg 0300
<b>Bankers</b>	ABSA
<b>Auditors</b>	Auditor General of South Africa
<b>Published</b>	31 August 2015

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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

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### Abbreviations

COID	Compensation for Occupational Injuries and Diseases
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

The annual financial statements set out on page, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2015 and were signed on its behalf by:

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**Khathutselo Innocent Sirovha (Mr)**  
**Municipal Manager**

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Officer's Report

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The director submits his report for the year ended 30 June 2015.

### 1. Review of activities

#### Main business and operations

The municipality is engaged in the provision of services to communities in a sustainable manner within the boundaries of the Bojanala District and operates principally in South Africa .

The operating results and state of affairs of the municipality are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Bojanala Platinum District Municipality is a Category C municipality situated in the north-eastern part of North West Province.

### 2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

### 3. Subsequent events

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

### 4. Accounting Officer's interest in contracts

None have been identified.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	2,987,875	1,639,420
VAT receivable	4	1,865,548	1,264,515
Cash and cash equivalents	5	3,137	3,983,710
		<b>4,856,560</b>	<b>6,887,645</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	2	28,948,316	39,612,296
<b>Total Assets</b>		<b>33,804,876</b>	<b>46,499,941</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	7	839,077	1,777,275
Payables from exchange transactions	9	29,151,155	31,365,146
Provisions	8	17,086,816	14,161,593
Bank	5	5,039,502	-
		<b>52,116,550</b>	<b>47,304,014</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	7	-	2,059,275
<b>Total Liabilities</b>		<b>52,116,550</b>	<b>49,363,289</b>
<b>Net Assets</b>		<b>(18,311,674)</b>	<b>(2,863,348)</b>
<b>Reserves</b>			
Revaluation reserve	6	2,692,601	742,657
Accumulated surplus		(33,924,750)	(3,606,005)
<b>Total Net Assets</b>		<b>(31,232,149)</b>	<b>(2,863,348)</b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

### Revenue

#### Revenue from exchange transactions

Other Income	11	684,569	1,920,255
Interest received - investment	12	1,361,046	1,798,073
<b>Total revenue from exchange transactions</b>		<b>2,045,615</b>	<b>3,718,328</b>

#### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	14	271,947,458	263,398,645
<b>Total revenue</b>	10	<b>273,993,073</b>	<b>267,116,973</b>

### Expenditure

Employee related costs	15	(138,838,020)	(128,682,894)
Remuneration of councillors	16	(14,304,013)	(12,504,860)
Depreciation and amortisation	17	(12,989,828)	(6,656,994)
Finance costs	18	-	(354,798)
Repairs and Maintenance	19	(1,820,998)	(2,259,529)
Contracted services	20	(14,654,431)	(10,924,631)
Grants and Subsidies Paid	13	(79,569,262)	(81,456,954)
General Expenses	21	(42,144,134)	(33,450,940)

**Total expenditure** (304,320,686) (276,291,600)

**Operating deficit** (30,327,613) (9,174,627)

Loss on disposal of Assets (41,188) (840,991)

**Deficit for the year** (30,368,801) (10,015,618)



# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
<b>Balance at 01 July 2013</b>	<b>792,713</b>	<b>3,855,605</b>	<b>4,648,318</b>
Changes in net assets			
Transfer from Revaluation	(50,056)	50,056	-
Prior Year Adjustment	-	2,503,952	2,503,952
Net income (losses) recognised directly in net assets	(50,056)	2,554,008	2,503,952
Surplus for the year	-	(10,015,618)	(10,015,618)
Total recognised income and expenses for the year	(50,056)	(7,461,610)	(7,511,666)
Total changes	(50,056)	(7,461,610)	(7,511,666)
<b>Balance at 01 July 2014</b>	<b>742,657</b>	<b>(3,606,005)</b>	<b>(2,863,348)</b>
Changes in net assets			
Revaluation	2,000,000	-	2,000,000
Transfer from Revaluation	(50,056)	50,056	-
Net income (losses) recognised directly in net assets	1,949,944	50,056	2,000,000
Surplus for the year	-	(30,368,801)	(30,368,801)
Total recognised income and expenses for the year	1,949,944	(30,318,745)	(28,368,801)
Total changes	1,949,944	(30,318,745)	(28,368,801)
<b>Balance at 30 June 2015</b>	<b>2,692,601</b>	<b>(33,924,750)</b>	<b>(31,232,149)</b>
Note(s)	6		

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	2015	2014
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		272,788,987	263,398,646
Interest income		1,361,046	1,798,073
Other receipts		611,329	1,920,225
		<u>274,761,362</u>	<u>267,116,944</u>
<b>Payments</b>			
Employee costs		(154,975,823)	(142,736,443)
Suppliers		(123,737,068)	(117,130,289)
Finance costs		-	(354,798)
		<u>(278,712,891)</u>	<u>(260,221,530)</u>
<b>Net cash flows from operating activities</b>	22	<b><u>(3,951,529)</u></b>	<b><u>6,895,414</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(2,071,073)	(5,306,508)
Sale of Property, plant and equipment	2	-	1,554,617
Cost of property, plant and equipment		-	(870,377)
<b>Net cash flows from investing activities</b>		<b><u>(2,071,073)</u></b>	<b><u>(4,622,268)</u></b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(2,997,473)	(878,710)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b><u>(9,020,075)</u></b>	<b><u>1,394,436</u></b>
Cash and cash equivalents at the beginning of the year		3,983,710	2,589,274
<b>Cash and cash equivalents at the end of the year</b>	5	<b><u>(5,036,365)</u></b>	<b><u>3,983,710</u></b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Other income 1	147,000	-	<b>147,000</b>	684,569	<b>537,569</b>	Due to insurance claims and tender documents
Interest received - investment	1,142,000	(408,383)	<b>733,617</b>	1,361,046	<b>627,429</b>	Interest on additional funds not projected for.
<b>Total revenue from exchange transactions</b>	<b>1,289,000</b>	<b>(408,383)</b>	<b>880,617</b>	<b>2,045,615</b>	<b>1,164,998</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	272,311,000	(3,000)	<b>272,308,000</b>	271,947,458	<b>(360,542)</b>	Due to allocation from province not received.
<b>Total revenue</b>	<b>273,600,000</b>	<b>(411,383)</b>	<b>273,188,617</b>	<b>273,993,073</b>	<b>804,456</b>	
<b>Expenditure</b>						
Personnel	(129,205,595)	(8,609,351)	<b>(137,814,946)</b>	(138,838,020)	<b>(1,023,074)</b>	Due to rank progression implemented after final budget
Remuneration of councillors	(12,481,236)	(2,847,553)	<b>(15,328,789)</b>	(14,304,013)	<b>1,024,776</b>	
Depreciation and amortisation	(7,501,000)	-	<b>(7,501,000)</b>	(12,989,828)	<b>(5,488,828)</b>	Due to depreciation performed on a daily basis from per month.
Repairs and maintenance	(1,361,863)	(350,000)	<b>(1,711,863)</b>	(1,820,998)	<b>(109,135)</b>	Due to systems improvements.
Contracted Services	(3,488,861)	-	<b>(3,488,861)</b>	(14,654,431)	<b>(11,165,570)</b>	Due to unfunded mandates relating to Agricultural support.
Transfers and Subsidies	(115,061,123)	40,261,904	<b>(74,799,219)</b>	(79,569,262)	<b>(4,770,043)</b>	Due to water projects at locals not budgeted for.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
General Expenses	(40,403,734)	101,368	<b>(40,302,366)</b>	(42,144,134)	<b>(1,841,768)</b>	Due petrol increase and aging of vehicles.
<b>Total expenditure</b>	<b>(309,503,412)</b>	<b>28,556,368</b>	<b>(280,947,044)</b>	<b>(304,320,686)</b>	<b>(23,373,642)</b>	
<b>Operating deficit</b>	<b>(35,903,412)</b>	<b>28,144,985</b>	<b>(7,758,427)</b>	<b>(30,327,613)</b>	<b>(22,569,186)</b>	
Loss on non-current assets held for sale or disposal groups	-	-	-	(41,188)	<b>(41,188)</b>	It was not anticipated
<b>Deficit before taxation</b>	<b>(35,903,412)</b>	<b>28,144,985</b>	<b>(7,758,427)</b>	<b>(30,368,801)</b>	<b>(22,610,374)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(35,903,412)</b>	<b>28,144,985</b>	<b>(7,758,427)</b>	<b>(30,368,801)</b>	<b>(22,610,374)</b>	

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Receivables from exchange transactions	-	-	-	2,987,876	<b>2,987,876</b>	
VAT receivable	-	-	-	1,865,548	<b>1,865,548</b>	
Cash and cash equivalents	-	-	-	3,137	<b>3,137</b>	
	-	-	-	<b>4,856,561</b>	<b>4,856,561</b>	
<b>Non-Current Assets</b>						
Property, plant and equipment	35,815,000	(32,356,846)	<b>3,458,154</b>	28,948,316	<b>25,490,162</b>	
<b>Total Assets</b>	<b>35,815,000</b>	<b>(32,356,846)</b>	<b>3,458,154</b>	<b>33,804,877</b>	<b>30,346,723</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	-	-	-	839,077	<b>839,077</b>	
Payables from exchange transactions	-	-	-	29,151,154	<b>29,151,154</b>	
Provisions	-	-	-	17,086,816	<b>17,086,816</b>	
Bank overdraft	-	-	-	5,039,502	<b>5,039,502</b>	
	-	-	-	<b>52,116,549</b>	<b>52,116,549</b>	
<b>Total Liabilities</b>	-	-	-	<b>52,116,549</b>	<b>52,116,549</b>	
<b>Net Assets</b>	<b>35,815,000</b>	<b>(32,356,846)</b>	<b>3,458,154</b>	<b>(18,311,672)</b>	<b>(21,769,826)</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Revaluation reserve	-	-	-	2,692,601	<b>2,692,601</b>	
Accumulated surplus	-	-	-	(21,004,273)	<b>(21,004,273)</b>	
<b>Total Net Assets</b>	-	-	-	<b>(18,311,672)</b>	<b>(18,311,672)</b>	

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

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

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statement

GRAP 3: Accounting policies, changes in accounting estimates and errors

GRAP 4: The effects of changes in foreign exchange transactions

GRAP 5: Borrowing costs

GRAP 6: Consolidated and separate financial statements

GRAP 7: Investments in Associates

GRAP 8: Interest in joint ventures

GRAP 9: Revenue from Exchange transactions

GRAP 10: Financial reporting in hyperinflationary economies

GRAP 11: Construction Contracts

GRAP 12: Inventories

GRAP 13: Leases

GRAP 14: Events after reporting date

GRAP 16: Investments property

GRAP 17: Property, plant and equipment

GRAP 18: Segment reporting

GRAP 19: Provisions, contingent liabilities and contingent assets

GRAP 21: Impairment of non-cash generating assets

GRAP 23: Revenue from non-exchange transactions (taxes and transfers)

GRAP 24: Presentation of budget information

GRAP 25: Employee related cost

GRAP 26: Impairment of cash generating assets

GRAP 100: Non-current assets held for for sale and discontinued operations

GRAP 101: Agriculture

GRAP 102: Intangible assets

GRAP 103: Heritage assets

GRAP 104: Financial instruments

GRAP 105: Transfers of functions between entities under common control

GRAP 106: Transfers of functions between entities not under common control

GRAP 107: Mergers

IGRAP 11: Consolidation special purpose entities

IGRAP 12: Jointly controlled entities - non monetary contributions by ventures

#### The following standards are issued but not effective

GRAP 20: Related party

GRAP 32: Service Concession Arrangement - Grantor

GRAP 108: Statutory Receivables

IGRAP 17: Service Concession Arrangement where a Grantor controls the significant residual interest of the assets

DIRECTIVE 11: Changes in measurement basis following the initial adoption of the Standards of GRAP

#### 1.1 Presentation currency

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.2 Going concern assumption

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

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 8 - Provisions. Provisions are measured using managements best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge.

### 1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

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

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

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Item	Depreciation method	Average useful life
Buildings	Straight line	30-50 years
Furniture and fixtures	Straight line	6-10 years
Motor vehicles	Straight line	5-12 years
Office equipment	Straight line	5-11 years
Other property, plant and equipment	Straight line	5-10 years
Other equipment	Straight line	5-8 years
Other leased Assets	Straight line	3 years

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# BOJANALA PLATINUM DISTRICT MUNICIPALITY

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### 1.4 Property, plant and equipment (continued)

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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

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

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

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### 1.5 Intangible assets (continued)

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

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

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Useful life
Licenses and franchises	3 years
Computer software, other	3 years

Intangible assets are derecognised:

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

### 1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one municipality and a financial liability or a residual interest of another municipality.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by a municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from municipality's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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### 1.6 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, municipality shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the municipality shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

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

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of the municipality.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.6 Financial instruments (continued)

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the municipality had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the municipality designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

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

#### Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.6 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

#### Impairment and uncollectibility of financial assets

The municipality assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

### 1.7 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### 1.8 Leases

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

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.8 Leases (continued)

#### Finance leases - lessee

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

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

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

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

### 1.9 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### 1.10 Employee benefits

#### Short-term employee benefits

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

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

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

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### 1.11 Provisions and contingencies (continued)

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

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

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

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

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

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

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

### 1.12 Commitments

Items are classified as commitments when municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.13 Revenue from exchange transactions

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

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

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

#### Measurement

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



# BOJANALA PLATINUM DISTRICT MUNICIPALITY

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### 1.13 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.14 Revenue from non-exchange transactions

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

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

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

#### Measurement

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

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grants on a re-imbusement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

### 1.15 Investment income

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

### 1.16 Unauthorised expenditure

Unauthorised expenditure means:

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Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.16 Unauthorised expenditure (continued)

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

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

### 1.17 Fruitless and wasteful expenditure

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

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

### 1.18 Irregular expenditure

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

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

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

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

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

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

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

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

### 1.19 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.20 Budget information

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

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

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

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

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

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

### 1.21 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

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

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

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

### 1.22 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance

### 1.23 Use of Estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates. t

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand

2015

2014

### 2. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	12,560,400	-	12,560,400	11,160,400	-	11,160,400
Buildings	4,063,232	(3,198,777)	864,455	5,803,632	(2,580,858)	3,222,774
Plant and machinery	1,486,750	(1,169,322)	317,428	1,486,750	(592,333)	894,417
Furniture and fixtures	6,103,184	(4,465,845)	1,637,339	5,857,970	(3,057,651)	2,800,319
Motor vehicles	22,273,057	(16,158,657)	6,114,400	22,273,057	(12,778,224)	9,494,833
Office equipment	11,574,989	(11,338,664)	236,325	10,951,355	(7,802,726)	3,148,629
Leased Equipment	5,403,177	(4,800,409)	602,768	5,403,177	(1,449,825)	3,953,352
Work In Progress	6,460,351	-	6,460,351	4,764,105	-	4,764,105
Emergency Equipment	1,158,286	(1,003,436)	154,850	1,158,286	(984,819)	173,467
<b>Total</b>	<b>71,083,426</b>	<b>(42,135,110)</b>	<b>28,948,316</b>	<b>68,858,732</b>	<b>(29,246,436)</b>	<b>39,612,296</b>

### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Revaluations	Depreciation	Impairment loss	Total
Land	11,160,400	-	1,400,000	-	-	12,560,400
Buildings	3,222,774	-	-	(617,919)	(1,740,400)	864,455
Plant and machinery	894,418	-	-	(576,990)	-	317,428
Furniture and fixtures	2,800,319	245,214	-	(1,408,194)	-	1,637,339
Motor vehicles	9,494,833	-	-	(3,380,433)	-	6,114,400
Office equipment	3,148,629	663,450	-	(3,575,754)	-	236,325
Leased Equipment	3,953,352	61,338	-	(3,411,922)	-	602,768
Work In Progress	4,764,105	1,096,246	600,000	-	-	6,460,351
Emergency Equipment	173,467	4,825	-	(18,616)	-	154,851
	<b>39,612,297</b>	<b>2,071,073</b>	<b>2,000,000</b>	<b>(12,989,828)</b>	<b>(1,740,400)</b>	<b>28,948,317</b>

### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	11,160,400	-	-	-	11,160,400
Buildings	3,533,712	-	-	(310,938)	3,222,774
Plant and machinery	1,184,688	-	-	(290,270)	894,418
Furniture and fixtures	2,653,619	870,670	(9,103)	(714,867)	2,800,319
Motor vehicles	11,505,460	693,826	(979,522)	(1,724,931)	9,494,833
Office equipment	4,577,331	1,212,843	(536,074)	(2,105,471)	3,148,629
Leased Equipment	5,482,129	-	(29,918)	(1,498,859)	3,953,352
Work In Progress	2,239,761	2,524,344	-	-	4,764,105
Emergency Equipment	177,679	4,825	-	(9,037)	173,467
	<b>42,514,779</b>	<b>5,306,508</b>	<b>(1,554,617)</b>	<b>(6,654,373)</b>	<b>39,612,297</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the entity.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>3. Receivables from exchange transactions</b>		
Staff Debtors	165,762	217,345
Unidentified Deposits	345,813	345,813
Salary Suspense Account	1,134,590	305,229
Insurance debtor	1,341,710	771,033
	<b>2,987,875</b>	<b>1,639,420</b>
<b>4. VAT receivable</b>		
VAT	1,865,548	1,264,515
<b>5. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1,977	1,977
Bank balances	-	3,980,573
Short-term deposits	1,160	1,160
Bank	(5,039,502)	-
	<b>(5,036,365)</b>	<b>3,983,710</b>
Current assets	3,137	3,983,710
Current liabilities	(5,039,502)	-
	<b>(5,036,365)</b>	<b>3,983,710</b>

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from day to day.

Management of the municipality is of the opinion that the carrying value of the bank balance and cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of bank balance and cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and the financial institutions. The municipality had the following bank accounts:

The municipality had the following bank accounts

Account number/Description	30 June 2015	30 June 2014	30 June 2013	30 June 2015	30 June 2014	30 June 2013
ABSA 11-3150-0277	(5,039,502)	3,978,573	2,584,137	(5,039,502)	(6,521,311)	(6,786,478)
ABSA 11-2000-0272	1,160	2,000	2,000	1,160	2,000	2,000
ABSA 90-8451-8967	1,977	1,160	1,160	1,977	1,160	1,160
Subtotal	<b>(5,036,365)</b>	<b>3,981,733</b>	<b>2,587,297</b>	<b>(5,036,365)</b>	<b>(6,518,151)</b>	<b>(6,783,318)</b>
	<b>(5,036,365)</b>	<b>3,981,733</b>	<b>2,587,297</b>	<b>(5,036,365)</b>	<b>(6,518,151)</b>	<b>(6,783,318)</b>

## 6. Revaluation reserve

Opening balance	742,657	792,713
Change during the year	(50,056)	(50,056)
Revaluation	2,000,000	-
	<b>2,692,601</b>	<b>742,657</b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand

	2015	2014
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### 7. Finance lease obligation

#### Minimum lease payments due

- within one year	839,077	1,777,275
- in second to fifth year inclusive	-	2,059,275

<b>Present value of minimum lease payments</b>	<b>839,077</b>	<b>3,836,550</b>
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Non-current liabilities	-	2,059,275
Current liabilities	839,077	1,777,275

	<b>839,077</b>	<b>3,836,550</b>
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### 8. Provisions

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Provision for Leave pay	12,264,749	1,811,572	14,076,321
Provision for performance bonus	1,896,844	1,113,651	3,010,495
	<b>14,161,593</b>	<b>2,925,223</b>	<b>17,086,816</b>

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Reversed during the year	Total
Provision for Leave pay	9,926,454	2,338,295	-	12,264,749
Provision for performance bonus	2,428,696	1,016,836	(1,548,688)	1,896,844
	<b>12,355,150</b>	<b>3,355,131</b>	<b>(1,548,688)</b>	<b>14,161,593</b>

### 9. Payables from exchange transactions

Trade payables	20,582,925	22,646,047
Other creditors	467,589	166,857
Retention	7,134,048	8,028,842
Other payables	966,593	523,400
	<b>29,151,155</b>	<b>31,365,146</b>

### 10. Revenue

Other income	684,569	1,920,255
Interest received - investment	1,361,046	1,798,073
Government grants & subsidies	271,947,458	263,398,645
	<b>273,993,073</b>	<b>267,116,973</b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand 2015 2014

### 10. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Other income	684,569	1,920,255
Interest received - investment	1,361,046	1,798,073
	<b>2,045,615</b>	<b>3,718,328</b>

The amount included in revenue arising from non-exchange transactions is as follows:

#### Taxation revenue

#### Transfer revenue

Government grants & subsidies	271,947,458	263,398,645
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### 11. Other income

Other income	736,152	1,920,255
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### 12. Investment revenue

#### Interest revenue

Interest	1,361,046	1,798,073
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The amount included in Investment revenue arising from exchange transactions amounted to R -.

The amount included in Investment revenue arising from non-exchange transactions amounted to R -.

Total interest income, calculated using the effective interest rate, on financial instruments not at fair value through surplus or deficit amounted to Rxxx (PY: Rxxx).

### 13. Grants and subsidies paid

#### Other subsidies

Expenditure on regional projects and facilities	61,364,266	62,957,016
Imbizo	4,841,233	4,877,047
Borole Ext 4 Sewerage	3,270,634	6,833,448
Agricultural Support	4,251,301	2,254,847
Internship Training	867,547	1,271,338
Councillor's Training	2,173,182	1,409,351
Bursary Scheme	2,801,100	1,853,908
	<b>79,569,263</b>	<b>81,456,955</b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>14. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable Share	265,044,000	251,246,000
Rural Assets Management Grant	3,521,489	-
Expanded Public Works Programme	1,191,000	2,326,713
Municipal System Improvement Grant	934,000	890,000
Financial Management Grant	1,250,000	1,327,305
SETA Skills Development	-	690,671
Other Grants	6,969	6,917,956
	<b>271,947,458</b>	<b>263,398,645</b>
<b>Municipal System Improvement Grant</b>		
Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
	-	-
Conditions still to be met - remain liabilities (see note ).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Expandable Public Works Programme Grant</b>		
Balance unspent at beginning of year	-	1,326,713
Current-year receipts	1,191,000	1,000,000
Conditions met - transferred to revenue	(1,191,000)	(2,326,713)
	-	-
Conditions still to be met - remain liabilities (see note ).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Financial Management Grant</b>		
Balance unspent at beginning of year	-	77,305
Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,327,305)
	-	-
Conditions still to be met - remain liabilities (see note ).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Disaster Management Grant</b>		
Current-year receipts	-	1,309,001
Conditions met - transferred to revenue	-	(1,309,001)
	-	-
Conditions still to be met - remain liabilities (see note ).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Rural Asset Management Grant</b>		



# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>14. Government grants and subsidies (continued)</b>		
Current-year receipts	3,521,489	-
Conditions met - transferred to revenue	(3,521,489)	-
	<u>-</u>	<u>-</u>

Conditions still to be met - remain liabilities (see note ).

Provide explanations of conditions still to be met and other relevant information.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>15. Employee related costs</b>		
Basic	81,591,422	74,391,323
Bonus	-	35,188
Medical aid - company contributions	8,820,473	8,387,844
UIF	548,574	583,092
SDL	1,184,588	1,277,930
Overtime payments	4,970,084	5,647,177
Acting allowances	45,552	269,600
Car allowance	11,513,755	11,234,957
Housing benefits and allowances	3,893,565	3,479,074
Holiday Bonus	8,614,533	6,791,524
Contributions	84,263	24,286
Performance Bonus and Provision Staff Leave	2,156,041	1,494,676
Other Allowances	2,514,507	2,734,580
Contribution to Pension and Provident Fund	12,156,332	11,382,216
Cellphone Allowance	744,331	949,427
	<b>138,838,020</b>	<b>128,682,894</b>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	632,308	533,722
Car Allowance	180,000	180,000
Other Allowances	804,000	804,000
Acting Allowances	-	19,388
	<b>1,616,308</b>	<b>1,537,110</b>
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	891,379	816,804
Car Allowance	214,000	214,000
Other Allowances	117,116	117,116
Acting Allowance	-	22,194
	<b>1,222,495</b>	<b>1,170,114</b>
<b>Remuneration of - Director Corporate Services</b>		
Annual Remuneration	374,324	314,000
Car Allowance	120,000	120,000
Other Allowance	498,000	498,000
Acting Allowances	6,275	-
	<b>998,599</b>	<b>932,000</b>
<b>Remuneration of Director - LED</b>		
Annual Remuneration	414,100	358,000
Car Allowance	120,000	120,000
Other Allowances	390,000	390,000
	<b>924,100</b>	<b>868,000</b>
<b>Remuneration of Director - Community Development Services</b>		
Annual Remuneration	753,603	686,884
Car Allowance	144,000	144,000
Other Allowances	198,000	204,000
Acting Allowances	10,773	30,960

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>15. Employee related costs (continued)</b>		
	<b>1,106,376</b>	<b>1,065,844</b>
<b>Remuneration of Director - Technical Services</b>		
Annual Remuneration	381,718	309,792
Car Allowance	300,000	300,000
Other Allowances	498,000	498,000
	<b>1,179,718</b>	<b>1,107,792</b>
<b>Remuneration of Director - Community Environment</b>		
Annual Remuneration	414,100	358,000
Car Allowance	120,000	120,000
Other Allowance	390,000	390,000
	<b>924,100</b>	<b>868,000</b>
<b>16. Remuneration of councillors</b>		
Executive Major	871,841	757,909
Speaker	689,524	579,311
Councillors	12,742,648	11,167,641
	<b>14,304,013</b>	<b>12,504,861</b>
<b>17. Depreciation and amortisation</b>		
Property, plant and equipment	12,989,828	6,654,376
Intangible assets	-	2,618
	<b>12,989,828</b>	<b>6,656,994</b>
<b>18. Finance costs</b>		
Other interest paid	-	354,798
<b>19. Repairs and Maintenance</b>		
Repairs and Maintenance	1,820,998	2,259,529
<b>20. Contracted services</b>		
Security	6,006,000	6,474,718
Rental of Office Machine	8,648,431	4,449,912
	<b>14,654,431</b>	<b>10,924,630</b>

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>21. General expenses</b>		
Audit fees	2,596,856	1,547,284
Advertising	1,081,433	1,838,088
Bank charges	331,156	573,784
Computer expenses	4,320,861	5,282,738
Entertainment	1,172,341	1,238,513
Insurance	740,503	689,718
Fuel and oil	2,732,400	1,872,431
Postage and courier	56,780	186,851
Printing and stationery	1,018,394	985,667
Protective clothing	487,202	65,060
Subscriptions and membership fees	1,341,775	1,289,705
Telephone and fax	3,390,299	4,096,684
Travel - local	9,694,487	7,048,399
Uniforms	322,876	44,240
Tourism development	428,086	167,761
Consulting and Professional Fees	4,936,176	3,254,965
Other expenses	7,492,508	3,269,051
	<b>42,144,133</b>	<b>33,450,939</b>
<b>22. Cash (used in) generated from operations</b>		
Deficit	(30,368,801)	(10,015,618)
<b>Adjustments for:</b>		
Depreciation and amortisation	12,989,828	6,656,994
Gain on discontinued operations	41,188	840,991
Movements in provisions	2,925,223	1,806,443
Finance costs - Finance lease	-	354,798
Other non-cash items	14,624,515	(1,954,021)
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(1,348,456)	(399,856)
Payables from exchange transactions	(2,213,992)	9,741,658
VAT	(601,034)	(135,975)
	<b>(3,951,529)</b>	<b>6,895,414</b>
<b>23. Financial instruments disclosure</b>		
<b>Categories of financial instruments</b>		
<b>2015</b>		
<b>Financial assets</b>		
	At fair value	Total
Trade and other receivables from exchange transactions	3,039,750	3,039,750
Cash and cash equivalents	1,977	1,977
	<b>3,041,727</b>	<b>3,041,727</b>
<b>Financial liabilities</b>		
	At fair value	Total
Trade and other payables from exchange transactions	31,908,532	31,908,532
Bank overdraft	5,039,502	5,039,502
	<b>36,948,034</b>	<b>36,948,034</b>
<b>2014</b>		

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>Financial instruments disclosure (continued)</b>		
<b>Financial assets</b>		
	At fair value	Total
Trade and other receivables from exchange transactions	1,639,420	1,639,420
Cash and cash equivalents	3,983,710	3,983,710
	<b>5,623,130</b>	<b>5,623,130</b>
<b>Financial liabilities</b>		
	At fair value	Total
Trade and other payables from exchange transactions	31,365,146	31,365,146
<b>24. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Approved and Contracted For</b>		
• Infrastructure	6,406,638	25,944,652
• Community	-	-
• Other	-	-
	<b>6,406,638</b>	<b>25,944,652</b>
<b>Total capital commitments</b>		
Already contracted for but not provided for	6,406,638	25,944,652
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	6,406,638	25,944,652

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>25. Contingencies</b>		
<b>Contingent liabilities</b>		
Taupedi Security services. The municipality was lodged with a claim for recovery of money arising out of a termination of the contract of Taupedi Security Services.	300,000	300,000
DPI Plastics (Pty) Ltd / Bojanala Platinum district municipality judgment obtained as a warrant of execution has been issued.	150,000	150,000
D.J. Coetzee / Bojanala platinum district municipality. Pending claim for damages waiting for a trial date	300,000	300,000
Brand H & JP / Bojanala platinum district municipality Claim emanating from the damage caused by potholes	100,000	100,000
<b>Contingent assets</b>		
Seripele and Dinkwanyane Trading CC - Civil Claim. The municipality has lodged a claim for recovery of monies arising out of a procurement of goods and services and is still in process.	450,000	450,000
<b>26. Related parties</b>		
<b>Related party transactions</b>		
<b>Rent paid to (received from) related parties</b>		
Rustenburg Local Municipality	639,999	571,428
Rustenburg Local Municipality - The above transaction is disclosed as related party transaction as Bojanala Platinum District Municipality is not paying Rustenburg Local Municipality a market related rental considering office space occupied against market related rental ranging from R150 to R200 per square metre around Rustenburg town. This transaction is therefore considered related party.	-	-
<b>The municipality conducted business with the above companies owned by Moses Malesa who is the spouse of Esther Malesa, the Admin Officer in the municipality</b>		
Marole Nameng Trading Enterprise	-	366,140
Rustie Projects T/A Rustie Travel Agent	-	645,846
<b>Key management information</b>		
<b>Position</b>	<b>Name</b>	
Mayor	L.Diremelo	
Municipal Manager	I.K. Sirovha	
Chief Financial Officer	M.Jansen	
Director CSS	N.Khiba	
Director CDS	T.G. Ramagaga	
Director CES	G.T. Lenake	
Director EDTAR	O.S. Boitseng	
Director Technical	S. Maluleke	

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand 2015 2014

### 27. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risk; Credit risk and Market Risk( including interest rate risk) and Liquidity risk.

The municipality's overall risk management program is enforce its mandate of development and implementation of an intergrated risk management strategy whose major objective is to encourage best practice within an evolving government service delivery strategy, while minimising the risks and ensuring that Municipality meet its objective..

Risk management is carried out by the risk committee under policies approved by the accounting officer. The risk committee identifies and assesses financial risk in close co-operation with the municipal council. Risk committee provides the written risk management strategy covering all specified areas of risk. :

#### Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipal treasury maintains flexibility in funding by maintaining availability under committed credit lines.

#### Market risk

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The municipality has interest significant interest bearing investments, the municipality's interest income is dependent on changes in market interest rates.

### 28. Going concern

We draw attention to the fact that at 30 June 2015, the municipality had accumulated surplus of R 33,924,750 and that the municipality's total assets exceed its liabilities by R (31,232,149).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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

### 29. Events after the reporting date

There were no events identified after reporting date which would have adjusting and non-adjusting impact.

### 30. Unauthorised expenditure

Opening balances	49,126,201	15,816,330
Current year	20,004,471	33,309,871
Other 2	(49,126,201)	-
	<b>20,004,471</b>	<b>49,126,201</b>

### 31. Fruitless and wasteful expenditure

Opening Balances	553,506	553,506
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# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>32. Irregular expenditure</b>		
Opening balance	49,732,613	28,759,334
Add: Irregular Expenditure - current year	6,339,533	20,973,279
Less: Amounts condoned	(49,732,613)	-
	<b>6,339,533</b>	<b>49,732,613</b>
<b>33. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Current year subscription / fee	1,233,930	1,148,382
Amount paid - current year	(1,233,930)	(1,148,382)
	-	-
<b>Audit fees</b>		
Opening balance	106,331	-
Current year subscription / fee	2,596,856	1,547,284
Amount paid - current year	(2,582,519)	(1,440,953)
	<b>120,668</b>	<b>106,331</b>
<b>PAYE and UIF</b>		
Current year subscription / fee	23,698,752	22,633,097
Amount paid - current year	(23,698,752)	(22,633,097)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Current year subscription / fee	32,244,145	20,471,768
Amount paid - current year	(32,244,145)	(20,471,768)
	-	-
<b>VAT</b>		
VAT receivable	1,865,548	1,264,515

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.



# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2015

## Notes to the Financial Statements

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Figures in Rand

2015

2014

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### 34. Budget differences

**Appendix G2  
Budgeted Financial Performance (revenue and expenditure by municipal vote)  
for the year ended 30 June 2015**

	2015/2014										2014/2013				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>															
Community Services	19,564,033	651,459	20,215,492	-		20,215,492	16,659,046		(3,556,446)	82 %	85 %				-
Community Environment	30,180,315	(341,280)	29,839,035	-		29,839,035	31,007,753		1,168,718	104 %	103 %				-
Disaster	6,924,383	984,951	7,909,334	-		7,909,334	6,264,777		(1,644,557)	79 %	90 %				-
FIRE	35,450,732	392,924	35,843,656	-		35,843,656	37,856,970		2,013,314	106 %	107 %				-
Municipal Manager	24,817,456	(878,683)	23,938,773	-		23,938,773	28,676,039		4,737,266	120 %	116 %				-
Corporate Support	41,090,581	1,129,528	42,220,109	-		42,220,109	47,084,968		4,864,859	112 %	115 %				-
Mayor's Office	17,636,848	698,565	18,335,413	-		18,335,413	20,129,706		1,794,293	110 %	114 %				-
Economic Development	11,054,049	(280,463)	10,773,586	-		10,773,586	14,070,432		3,296,846	131 %	127 %				-
Treasury & Budget	19,662,680	388,924	20,051,604	-		20,051,604	19,156,182		(895,422)	96 %	97 %				-
Municipal Council	19,958,153	4,229,428	24,187,581	-		24,187,581	26,316,756		2,129,175	109 %	132 %				-
Technical	79,989,655	(40,151,036)	39,838,619	-		39,838,619	32,116,295		(7,722,324)	81 %	40 %				-
Example 12 - Vote12	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 13 - Vote13	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 14 - Vote14	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 15 - Vote15	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Total Revenue by Vote</b>	<b>306,328,885</b>	<b>(33,175,683)</b>	<b>273,153,202</b>	<b>-</b>		<b>273,153,202</b>	<b>279,338,924</b>		<b>6,185,722</b>	<b>102 %</b>	<b>91 %</b>				<b>-</b>
<b>Total Expenditure by Vote</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>		<b>-</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>	<b>306,328,885</b>	<b>(33,175,683)</b>	<b>273,153,202</b>	<b>-</b>		<b>273,153,202</b>	<b>279,338,924</b>		<b>6,185,722</b>	<b>102 %</b>	<b>91 %</b>				<b>-</b>