Lejweleputswa District Municipality
Annual Financial Statements
for the year ended 30 June, 2015

General Information

Legal form of entity	An organ of state exercising legislative and executive authority
Nature of business and principal activities	District municipality
Mayoral committee	
Executive Mayor	Cllr NW Speelman
Speaker	Cllr MA Olifant
Councillors	Cllr KR Phukuntsi - MMC Sports, Arts, Culture and Recreation Cllr M Lekaota - MMC Corporate Services and Adminstration Cllr MJ Pereko - MMC Special Programmes Cllr MMT Matlabe - MMC Finance Cllr PP Maseko - MMC Municipal Support and Infrastructure Cllr TD Khalipha - MMC Social Services and Environmental Health Cllr XJ Toki - MMC LED, Tourism, Agriculture, Youth and SMME
Municipal demarcation code	DC 18
Grading of local authority	4
Capacity of local authority	Low capacity
Accounting Officer	Ms PME Kaota
Chief Finance Officer (CFO)	Mr PK Pitso
Registered office	Office of the Municipal Manager
Business address	Corner of Jan Hofmeyer and Tempest Road Jim Fouche Park WELKOM 9459
Postal address	P.O. Box 2163 WELKOM 9460
Bankers	ABSA Bank Limited
Auditors	Auditor-General of South Africa

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

Abbreviations

CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
IAS	International Accounting Standards
PAYE	Pay As You Earn
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
IPSAS	International Public Sector Accounting Standards

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were 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 she is ultimately responsible for the system of internal financial control established by the municipality and places 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, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality depends on grants received from National Government (98%) as RSC levies were abolished in 2006.

The external auditors are responsible for auditing and reporting on the municipality's annual financial statements.

The annual financial statements set out on pages 5 to 57, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2015 and were signed by her:

Palesa Matshidiso Elizabeth Kaota
Municipal Manager

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June, 2015.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference. During the current year 4 number of meetings were held.

Name of member	Number of meetings attended
Mr LJ Makoro (Chairperson)	4
Mr ET Femele	4
Mr NL Masoka	3
Adv LS Khonkhe	3
Me NR Phatlane (resigned November 2014)	0
Mr NS Marota (replaced Me Phatlane)	2

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) of the MFMA.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Accounting Officer;
- reviewed the Auditor-General of South Africa's management report and management's response thereto;
- reviewed changes in accounting policies and practices;
- reviewed the entities compliance with legal and regulatory provisions;
- reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits.

Chairperson of the Audit Committee

Date: ______________________

Statement of Financial Position as at 30 June, 2015

Figures in Rand	Note(s)	2015	2014 Restated*
Assets			
Current Assets			
Cash and cash equivalents	3	18,069,343	18,464,437
Other financial assets	4	40,366,752	30,284,902
Receivables from non-exchange transactions	5	247,262	859,561
VAT receivable	6	597,204	89,391
		59,280,561	**49,698,291**
Non-Current Assets			
Property, plant and equipment	7	66,468,338	70,148,909
Intangible assets	8	351,857	1,610,437
Investments in controlled entities	9	100	100
		66,820,295	**71,759,446**
Total Assets		**126,100,856**	**121,457,737**
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	7,686,618	7,137,911
Other financial liabilities	11	2,145,864	1,847,014
Long service awards	12	3,498,000	3,217,000
Provisions	13	536,037	842,307
		13,866,519	**13,044,232**
Non-Current Liabilities			
Other financial liabilities	11	10,967,222	13,113,088
Employee benefit obligation	12	9,082,000	7,588,000
		20,049,222	**20,701,088**
Total Liabilities		**33,915,741**	**33,745,320**
Net Assets		**92,185,115**	**87,712,417**
Accumulated surplus		92,185,115	87,712,417

* See Note 33

Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
Revenue			
Revenue from exchange transactions			
Interest received - trading	14	734,280	1,141,575
Other income	15	230,940	1,123,900
Interest received - investment	16	3,741,895	2,824,496
Total revenue from exchange transactions		**4,707,115**	**5,089,971**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants and subsidies	17	108,706,000	103,760,000
Total revenue	14	**113,413,115**	**108,849,971**
Expenditure			
Employee related cost	18	(62,537,764)	(60,740,189)
Remuneration of councillors	19	(9,293,511)	(8,713,434)
Transfers to local municipalities	20	(1,048,505)	(1,563,049)
Depreciation and amortisation	21	(6,505,111)	(6,651,214)
Reversal of impairments / (Impairment loss)	22	(1,067,324)	2,911,381
Finance costs	23	(2,320,928)	(2,582,857)
Transfer to development agency	32	(2,500,000)	(2,500,000)
Repairs and maintenance	24	(464,512)	(404,943)
Consulting and professional fees	25	(858,661)	(1,648,744)
Loss on disposal of assets		(237,389)	(481,657)
General expenses	26	(22,886,952)	(22,862,012)
Total expenditure		**(109,720,657)**	**(105,236,718)**
Operating surplus		**3,692,458**	**3,613,253**
Surplus for the year		**3,692,458**	**3,613,253**

* See Note 33

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 1 July, 2013	**84,099,164**	**84,099,164**
Changes in net assets		
Surplus for the year	3,613,253	3,613,253
Total changes	3,613,253	3,613,253
Opening balance as previously reported	87,712,417	87,712,417
Adjustments		
Correction of errors (refer to note 34)	780,240	780,240
Restated* Balance at 1 July, 2014 as restated*	**88,492,657**	**88,492,657**
Changes in net assets		
Surplus for the year	3,692,458	3,692,458
Total changes	3,692,458	3,692,458
Balance at 30 June, 2015	**92,185,115**	**92,185,115**

Note(s)

* See Note 33

Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
Cash flows from operating activities			
Receipts			
Grants		108,706,000	103,760,000
Interest income		4,476,175	2,824,496
Other receipts		230,940	5,869,751
		113,413,115	112,454,247
Payments			
Employee costs		(71,831,275)	(69,453,623)
Suppliers		(25,815,669)	(26,062,020)
Finance costs		(2,320,928)	(2,582,857)
Other payments		(386,621)	(1,648,744)
		(100,354,493)	(99,747,244)
Net cash flows from operating activities	29	**13,058,622**	**12,707,003**
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(696,406)	(2,199,481)
Proceeds from sale of property, plant and equipment	7	995,486	(201)
Purchase of other intangible assets	8	(233,385)	(154,824)
Proceeds from sale of other intangible assets	8	3,193	-
Proceeds from sale of financial assets		(10,081,850)	(10,284,902)
Net cash flows from investing activities		**(10,012,962)**	**(12,639,408)**
Cash flows from financing activities			
Repayment of other financial liabilities		(1,847,016)	(1,585,085)
Movement in long service awards		281,000	-
Net cash flows from financing activities		**(1,566,016)**	**(1,585,085)**
Net increase/(decrease) in cash and cash equivalents		**(395,094)**	**(1,517,490)**
Cash and cash equivalents at the beginning of the year		18,464,437	19,981,927
Cash and cash equivalents at the end of the year	3	**18,069,343**	**18,464,437**

* See Note 33

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference (note 43)
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Interest received - trading	305,014	69,986	**375,000**	734,280	**359,280**	
Other income	95,000	5,000	**100,000**	230,940	**130,940**	
Interest received - investment	2,144,522	6,500	**2,151,022**	3,741,895	**1,590,873**	
Total revenue from exchange transactions	**2,544,536**	**81,486**	**2,626,022**	**4,707,115**	**2,081,093**	
Revenue from non-exchange transactions						
Taxation revenue						
Government grants & subsidies	108,706,000	-	**108,706,000**	108,706,000	**-**	
Total revenue	**111,250,536**	**81,486**	**111,332,022**	**113,413,115**	**2,081,093**	
Expenditure						
Employee remuneration	(62,615,324)	(2,028,140)	**(64,643,464)**	(62,537,764)	**2,105,700**	
Remuneration of councillors	(8,961,550)	-	**(8,961,550)**	(9,293,511)	**(331,961)**	
Transfers to local municipalities	(2,950,000)	-	**(2,950,000)**	(1,048,505)	**1,901,495**	
Depreciation and amortisation	(6,595,631)	-	**(6,595,631)**	(6,505,111)	**90,520**	
Impairment loss/ Reversal of impairments	(485,590)	-	**(485,590)**	(1,067,324)	**(581,734)**	
Finance costs	(2,320,928)	-	**(2,320,928)**	(2,320,928)	**-**	
Transfer to development agency	(2,500,000)	-	**(2,500,000)**	(2,500,000)	**-**	
Repairs and maintenance	(687,914)	81,111	**(606,803)**	(464,512)	**142,291**	
Consulting and professional fees	(1,200,145)	278,600	**(921,545)**	(858,661)	**62,884**	
General expenses	(25,209,627)	1,307,530	**(23,902,097)**	(22,886,952)	**1,015,145**	
Total expenditure	**(113,526,709)**	**(360,899)**	**(113,887,608)**	**(109,483,268)**	**4,404,340**	
Operating surplus	**(2,276,173)**	**(279,413)**	**(2,555,586)**	**3,929,847**	**6,485,433**	
Loss on disposal of assets and liabilities	-	(17,244)	**(17,244)**	(237,389)	**(220,145)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2,276,173)**	**(296,657)**	**(2,572,830)**	**3,692,458**	**6,265,288**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

A summary of the significant accounting policies are disclosed below.

1.1 Going concern assumption

These annual 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.

1.2 Significant judgements and sources of estimation uncertainty

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

Receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

Value in use of cash generating assets
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as inflation and interest.

Value in use of non-cash generating assets
The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependant on the availability of data and the nature of the impairment.

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 13 Provisions.

Accounting Policies

1.2 Significant judgements and sources of estimation uncertainty (continued)

Useful lives of property, plant and equipment and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. This estimate is based on industry norm. This estimate is based on the pattern in which an asset's future economic benefits or service potential are expected to be consumed by the municipality.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. The most appropriate discount rate that reflects the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

Effective interest rate

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

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Property, plant and equipment

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

Property, plant and equipment are initially recognised 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), unless the fair value of neither the asset received nor the asset given up is reliably measurable. If the acquired item is not measured at fair value, it's cost is measured at the carrying amount of the asset 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.

1.3 Property, plant and equipment (continued)

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 municipality is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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

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

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

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

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

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

Item	**Average useful life**
Land	Not depreciated
Buildings	
• Buildings	30 years
• Paving	30 years
Plant and machinery	5 years
Furniture and fixtures	5 years
Motor vehicles	7 years
Office equipment	4 years
Emergency equipment	5 years
Other property, plant and equipment	5 years

The residual value, 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 municipality 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.

1.4 Intangible assets

An asset is identifiable if it either:
- is separable, i.e. is capable of being separated or divided from the municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the municipality 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 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.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

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; and
- the expenditure attributable to the asset during its development can be measured reliably.

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.

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.

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

Item	Useful life
Computer software	3 years

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

The gain or loss arising from the derecognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the intangible asset. Such difference is recognised in surplus or deficit when the intangible asset is derecognised.

Accounting Policies

1.5 Investments in controlled entities

Investments in controlled entities are carried at cost less any accumulated impairment.

The cost of an investment in controlled entity is the aggregate of:
- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the municipality; plus
- any costs directly attributable to the purchase of the controlled entity.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.6 Financial instruments

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

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Other receivables1	Financial asset measured at amortised cost
Other receivables2	Financial asset measured at amortised cost
Other financial asset1	Financial asset measured at fair value

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Loan3	Financial liability measured at amortised cost
Other receivables1	Financial liability measured at amortised cost
Other receivables2	Financial liability measured at amortised 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, other than those subsequently measures at fair value, 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 all other financial assets and financial liabilities initially 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.

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.

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 in the case of a financial asset.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on municipality-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Gains and losses

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

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

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.

For amounts due to the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

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 through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.6 Financial instruments (continued)

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 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.

Where financial assets are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such financial assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Financial assets measured at cost:

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

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

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

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

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

1.7 Leases

Operating leases - lessor

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

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

Any contingent rents are recognised separately as revenue in the period in which they are received.

Operating leases - lessee

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are recognised separately as an expense in the period in which they are incurred.

1.8 Non-current assets held for sale and disposal groups

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

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.9 Impairment of cash-generating assets

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

Identification

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

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

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

Accounting Policies

1.9 Impairment of cash-generating assets (continued)

Value in use

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

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

Discount rate

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

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

1.9 Impairment of cash-generating assets (continued)

Cash-generating units

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

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

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

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

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

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

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

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

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

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

1.9 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:
- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

1.10 Impairment of non-cash-generating assets

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

Identification

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

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

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

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

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating asset is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

Reversal of an impairment loss

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

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

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

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

1.11 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

1.12 Employee benefits

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognises the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the municipality has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which the municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.12 Employee benefits (continued)

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the municipality during a reporting period, the municipality recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, the municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.12 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the municipality recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

1.12 Employee benefits (continued)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:
- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:
- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.12 Employee benefits (continued)

Other long-term employee benefits

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The municipality recognises the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the municipality is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the municipality has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than twelve months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer.

1.13 Provisions and contingencies

Provisions are recognised when:
- the municipality 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.

1.13 Provisions and contingencies (continued)

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 expenditure.

If the municipality 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 the municipality:
- 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

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability:
- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality; or
- a present obligation that arises from past events but is not recognised because:
  - it is not probable than an outflow of resources embodying economic benefits or service potential will be required to settle the obligation;
  - the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.14 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.

Measurement

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

1.14 Revenue from exchange transactions (continued)

Interest and investment income

Revenue arising from the use by others of municipality assets yielding interest 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.

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

1.15 Revenue from non-exchange transactions

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

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

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

1.16 Borrowing costs

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

1.17 Unauthorised expenditure

Unauthorised expenditure means:
- 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.

1.18 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.

1.19 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

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

1.20 Grants in aid

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:
- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;

1.20 Grants in aid (continued)

- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period that the events giving raise to the transfer occurred.

1.21 Commitments

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date; and
- where disclosure is required by a specific standard of GRAP.

1.22 Budget information

The approved budget is prepared on the accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2013-07-01 to 2014-06-30.

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.

1.23 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 is 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.

1.24 Events after the reporting date

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements.

Events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the financial statements.

1.25 VAT

The municipality accounts for VAT on the cash basis. The municipality is liable to account for VAT at the standard rate (14%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods and services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT or are scoped out for VAT purposes. The entity accounts for VAT on a monthly basis.

2. New standards and interpretations

2.1 Standards and interpretations not effective and not adopted in the current year

In the current year, the municipality has not adopted any standards and interpretations as there were no new standards effected.:

GRAP 105: Transfers of Functions Between Entities Under Common Control

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

A transfer of functions between entities under common control is a reorganisation and / or reallocation of functions between entities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between the amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it become effective.

GRAP 106: Transfers of Functions Between Entities not Under Common Control

The objective of this standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control.

A transfer of functions between entities not under common control is a reorganisation and / or reallocation of functions between entities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between entities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition date fair values.

The difference between the amount of consideration paid, if any, and the carrying amounts of assets acquired and liabilities assumed should be recognised in accumulated surplus / (deficit).

For a transfer of functions between entities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

GRAP 107: Mergers

The objective of this standard is to establish accounting principles for the combined entity and combining entities in a merger.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

A merger is where a new combined entity is started, acquirer can be identified and the conbining entities do not have any control over the combined entity.

In the event of a merger, the assets and liabilities should be recognised (by the combined entity) at their carrying amounts and should be derecognised (by the combining entities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

GRAP 20: Related Parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

The municipality (in this standard referred to as the reporting entity) applies this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between the municipality and its related parties;
- identifying the circumstances in which disclosure of the items in bullet one and two is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - has control or joint control over the reporting entity;
  - has significant influence over the reporting entity;
  - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - both entities are joint ventures of the same third party;
  - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - the entity is controlled or jointly controlled by a person identified in (a); and
  - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard states that a related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management.

Only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another entity or person are disclosed.

The standard requires that remuneration of management must be disclosed per person and in aggregate.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

The municipality has adopted the standard for the first time once it becomes effective.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 1 July, 2015 or later periods:

GRAP 32: Service Concession Arrangements: Grantor

The standard applies to a contractual arrangement between a grantor and an operator in which the operator uses the service concession asset to provide a mandated function on behalf of the grantor for a specified period of time. The operator providing the mandated function on behalf of the grantor can either be a private party or another public sector entity. The standard applies to the grantor only.

PPP agreements that are governed and regulated in terms of the PFMA and MFMA, are some of the arrangements that fall within the scope of GRAP 32. For any other arrangements that meet the control criteria as set out in paragraph .07 of GRAP 32 the principles in the standard on accounting for such arrangements will apply.

An asset provided by the operator, or an upgrade to an existing asset, is recognised as a service concession asset with a corresponding liability, being the performance obligation, if certain criteria and conditions are met.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

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

GRAP 108: Statutory Receivables

GRAP 108 only deals with those receivables that arise from legislation or an equivalent means, such as regulations, by-laws or other documents issued in terms of legislation, such as ministerial orders and cabinet or municipal council decisions. Therefore in order to be statutory in nature specific legislation should require the municipality to undertake the transactions, such as outlining who should be taxed and at what rates and amounts.

Statutory receivables are not contractual receivables, the latter of which would normally meet the definition of a financial asset and will be within the scope of the Standard of GRAP on Financial Instruments. Statutory receivables are not voluntarily entered into as with contractual receivables because they arise as a result of specific legislative requirements.

Statutory receivables are initially measured at their transaction amount and subsequently using the cost method.

Under the cost method, the initial measurement of the receivable is changed subsequent to initial recognition to reflect any:
- interest or other charges that may have accrued on the receivable (where applicable);
- impairment losses; and
- amounts derecognised.

The standard has been approved by the Accounting Standards Board but its effective date has not yet been determined by the Minister of Finance.

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

Figures in Rand	2015	2014 Restated*

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,000	2,200
Bank balances	18,067,343	18,462,237
	18,069,343	**18,464,437**

None of the bank accounts were pledged as security.

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June, 2015	30 June, 2014	30 June, 2013	30 June, 2015	30 June, 2014	30 June, 2013
ABSA BANK - cheque account - 1340000117	12,986,791	14,692,987	4,041,011	12,924,902	14,375,268	4,041,011
Standard Bank - fixed account - 248538810007	-	-	5,000,000	-	-	5,000,000
ABSA - fixed account - 2073233315	-	-	5,000,000	-	-	5,000,000
ABSA - call account - 9277830198	6,291	5,974	-	6,291	5,974	-
ABSA - call account - 9275618908	-	-	5,938,716	-	-	5,938,716
ABSA - call account - 9292006970	-	4,080,996	-	-	4,080,995	-
Cash on hand	2,000	2,200	2,200	2,000	2,200	2,200
ABSA - call account - 9301665952	5,136,149	-	-	5,136,150	-	-
Total	**18,131,231**	**18,782,157**	**19,981,927**	**18,069,343**	**18,464,437**	**19,981,927**

4. Other financial assets

At amortised cost		
ABSA Bank fixed account	20,183,362	-
Account no: 2075116692 - maturity date 2015/07/15 at an interest rate of 6.35%		
Account no: 2075234375 - maturity date 2015/09/01 at an interest rate of 6.44%.		
Standard bank fixed account	20,183,390	10,093,580
Account no: 248538810011 - maturity date 2015/07/05 at an interest rate of 6.525%		
Account no: 248538810012 - maturity date 0215/09/03 at na interest rate of 6.425%		
Nedbank fixed account	-	10,096,760
There are two investments at year end each to the value of 10,000,000, the details are as follows:		
Account no: 03/7662020096/000031 - maturity date 2015/03/02 at an interest rate of 6.17%.		
Account no: 03/7662020096/000032 - maturity date 2015/05/04 at a interest rate of 6.20%.		
FNB fixed account	-	10,094,562
There are two investments at year end each to the value of R10,000,000, the details are as follows:		
Account no: 74508262884 - maturity date 2015/03/02 at an interest rate of 6.25%.		
Account no: 74494130690 - maturity date 2015/05/05 at a interest rate of 6.20%.		

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

4. Other financial assets (continued)

	40,366,752	**30,284,902**
Current assets		
At amortised cost	40,366,752	30,284,902

Although the maturity date of the investments indicate that the investments needs to be disclosed as cash and cash equivalent, the initial purpose of investments are considered for classifying the asset as a financial asset or a cash and cash equivalent asset.

None of the financial assets were pledged as security.

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements. The fair value hierarchy have the following levels:

Level 1 represents those assets which are measured using unadjusted quoted prices in active markets for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 2		
ABSA fixed deposit	20,183,362	-
FNB fixed deposit	-	10,094,562
Nedbank fixed deposit	-	10,096,760
Standard Bank fixed deposit	20,183,390	10,093,580
	40,366,752	**30,284,902**

Renegotiated terms

None of the financial assets that are fully performing have been renegotiated in the last year.

5. Receivables from non-exchange transactions

Deposits	4,700	4,700
Other receivables	(24,715)	-
Sundry receivables	10,787,330	10,310,090
Less: Allowance for impairment	(10,520,053)	(9,455,229)
	247,262	**859,561**

Included in other receivables are irregular expenditure incurred during the financial year. Refer to note 41.

None of the receivables were pledged as security.

Credit quality of receivables from non-exchange transactions

The credit quality of receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Figures in Rand	2015	2014 Restated*

5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions past due but not impaired

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

3 months past due	247,262	859,561

Reconciliation of allowance for impairment

Opening balance	9,455,228	12,370,047
Provision for impairment	1,064,824	(2,914,819)
	10,520,052	**9,455,228**

Management is of the opinion that the carrying value of the sundry receivables are approximate their fair values.

The fair value of sundry receivables was determined after considering the standard terms and conditions of agreements entered into between the municipality and National / Provincial departments as well as sundry receivables. The current payment ratio's of sundry receivables were also taken into account for fair value determination.

6. VAT receivable

VAT receivable	597,204	89,391

The municipality is registered for VAT on the cash basis. VAT owed by SARS amounts to R 684 944. The carrying value amount of VAT receivable approximates fair value due to its short nature.

7. 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	2,870,000	-	2,870,000	2,870,000	-	2,870,000
Buildings	73,137,462	(15,188,485)	57,948,977	73,139,926	(12,717,647)	60,422,279
Plant and machinery	576,933	(483,718)	93,215	719,620	(530,591)	189,029
Furniture and fixtures	5,976,373	(4,868,427)	1,107,946	3,953,976	(1,863,530)	2,090,446
Motor vehicles	1,921,138	(134,848)	1,786,290	1,836,551	(261,086)	1,575,465
Office equipment	6,148,233	(4,423,681)	1,724,552	6,431,806	(3,689,555)	2,742,251
Other property, plant and equipment	250,148	524,665	774,813	247,137	(156,620)	90,517
Emergency equipment	354,053	(191,508)	162,545	352,777	(183,855)	168,922
Total	**91,234,340**	**(24,766,002)**	**66,468,338**	**89,551,793**	**(19,402,884)**	**70,148,909**

7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciations on disposals	Other changes, movements	Depreciation	Total
Land	2,870,000	-	-	-	-	-	2,870,00
Buildings	60,422,279	-	-	-	(37,027)	(2,436,275)	57,948,97
Plant and machinery	189,029	7,554	(142,387)	125,836	-	(86,817)	93,21
Furniture and fixtures	2,090,446	179,994	(144,589)	107,484	-	(1,125,389)	1,107,94
Motor vehicles	1,575,464	241,506	(156,919)	254,248	-	(128,009)	1,786,29
Office equipment	2,742,251	265,410	(542,150)	453,500	(4,998)	(1,189,461)	1,724,55
Other property, plant and equipment	90,517	656	(9,441)	7,899	722,097	(36,915)	774,81
Emergency equipment	168,922	1,286	-	-	-	(7,663)	162,54
	70,148,908	**696,406**	**(995,486)**	**948,967**	**680,072**	**(5,010,529)**	**66,468,33**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Disposals	Depreciation	Total
Land	2,870,000	-	-	-	2,870,000
Buildings	62,750,801	-	-	(2,328,522)	60,422,279
Plant and machinery	311,869	6,946	(1,322)	(128,464)	189,029
Furniture and fixtures	2,749,438	50,255	(9,764)	(699,483)	2,090,446
Motor vehicles	905,020	1,197,481	(434,224)	(92,813)	1,575,464
Office equipment	3,405,869	682,084	(36,347)	(1,309,355)	2,742,251
Other property, plant and equipment	323,115	262,715	-	(495,313)	90,517
Emergency equipment	201,616	-	-	(32,694)	168,922
	73,517,728	**2,199,481**	**(481,657)**	**(5,086,644)**	**70,148,908**

Pledged as security

None of the assets were pledged as security.

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

8. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	6,797,532	(6,445,675)	351,857	6,567,339	(4,956,902)	1,610,437

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Amortisation on disposals	Amortisation	Total
Computer software, other	1,610,437	233,385	(3,193)	1,210	(1,489,982)	351,857

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

8. Intangible assets (continued)

Reconciliation of intangible assets - 2014

	Opening balance	Additions	Amortisation	Total
Computer software, other	3,020,182	154,824	(1,564,569)	1,610,437

Pledged as security

None of the assets were pledged as security.

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

9. Investments in controlled entities

Name of company	Held by	% holding 2015	% holding 2014	Carrying amount 2015	Carrying amount 2014
Lejweleputswa Development Agency SOC Ltd	Lejweleputswa District Municipality	100.00 %	100.00 %	100	100

The carrying amounts of the controlled entities are shown net of impairment losses.

Controlled entities pledged as security

The investment in the controlled entity was not pledged as security.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

10. Payables from exchange transactions

Trade payables	1,500,488	1,655,084
Accrued leave pay	4,886,234	4,202,293
Accrued bonus	1,150,772	1,096,285
Retention creditors	149,124	184,249
	7,686,618	**7,137,911**

11. Other financial liabilities

At amortised cost		
DBSA loan (61003236)	1,977,352	2,191,331
DBSA loan (61003237)	1,515,266	1,679,239
DBSA loan (61004020)	(20)	(20)
DBSA loan (61001256)	240,651	289,883
DBSA loan (61001257)	55,751	69,584
DBSA loan (61001258)	287,041	358,257
DBSA loan (61001259)	616,422	742,529
DBSA loan (61001299)	1,469,847	1,834,524
DBSA loan (61003159)	6,950,776	7,794,775
	13,113,086	**14,960,102**
Total other financial liabilities	**13,113,086**	**14,960,102**

These loans are from the Development Bank of South Africa and repayments are made on a six monthly basis. The last loan will be redeemed at 31 December 2020 and the loans bear interest between 10% and 16.5%.

The municipality did not default on any of the other financial liabilities, whether it be on the capital or the interest portions, and none of the terms attached to the other financial liabilities were renegotiated. Refer to Appendix A.

Non-current liabilities		
At amortised cost	10,967,222	13,113,088
.		
At amortised cost	2,145,864	1,847,014

12. Employee benefit obligations

Defined benefit plan

The plan is a post employment medical benefit plan.

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by finding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates as unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by ZAQEN Consultants and Actuaries. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

* Bonitas
* Hosmed
* Keyhealth
* LA Health
* Samwumed

The members of the post-employment health care benefit plan are made up as follows:

	2015	2014
In service members (employees)	97	97
In service members (employees) - non - members	9	13
Continuation members (retirees, widowers and orphans)	2	1
	108	**111**

	2015	2014
The amounts recognised in the statement of financial position are as follows:		
Employee benefit obligations	7,588,000	7,588,000

	2015	2014
Movement in the present value of the employee benefit obligation		
Opening balance	7,588,000	5,604,960
Current service cost	854,000	637,084
Interest	727,000	547,041
Actuarial (gain) losses	(39,000)	829,915
Benefits paid by the plan	(48,000)	(31,000)
	9,082,000	**7,588,000**

	2015	2014
The following main assumptions were used in performing the valuation at 30 June 2015		
Discount rate	9.09 %	9.09 %
Consumer price inflation	7.19 %	7.19 %
Health care cost inflation	8.19 %	8.19 %
Net discount rate	0.83 %	0.83 %

Figures in Rand	2015	2014 Restated*

12. Employee benefit obligations (continued)

Health care cost inflation **The effect of a one percent increase and decrease in the health care cost inflation rate is as follows:**	**Increase 1%**	**Decrease 1%**
Employer benefit liability	9,250,000	8,846,000
Employer service cost	875,000	837,000
Employer interest cost	876,000	838,000

Long service awards

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2015 by ZAQEN Consultants and Actuaries. The projected unit credit funding method has been used to determine the past - service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

The expected value of each employee's long service award is projected to the next interval by allowing for future salary growth.

Long service benefits are awarded in the form of leave days and a percentage of salary. We have converted the awarded leave days into a percentage of the employee's annual salary. The conversion is based on a 250 working day year.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of long service awards obligation	3,498,000	3,217,000

Changes in the present value of the long service award obligation are as follows:

Opening balance	3,217,000	1,822,212
Benefits paid	(341,000)	(269,000)
Net expense recognised	622,000	1,663,788
	3,498,000	**3,217,000**

Net expense of the long service awards obligation recognised in the statement of financial performance

Current service cost	377,000	289,980
Interest cost	264,000	126,473
Actuarial gains (losses)	(19,000)	1,247,335
	622,000	**1,663,788**

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	8.06 %	8.06 %
Consumer price inflation	6.37 %	6.37 %
Salary increase rate	7.37 %	7.37 %
Net discount rate	0.64 %	0.64 %

13. Provisions

Reconciliation of provisions - 2015

	Opening Balance	Movement	Total
Bonus Provision	842,307	(306,270)	536,037

Reconciliation of provisions - 2014

	Opening Balance	Additions	Total
Other provisions	381,341	460,966	842,307

Performance bonuses accrue to senior managers on an accrual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date and is dependent on the favourable performance of senior managers having met agreed conditions. The balance at year end includes the performance bonuses not paid to senior managers. The performance bonuses are expected to be paid in the next financial reporting period. There is no expected reimbursement from the provision.

The expected cash outflow of the performance bonus is within the next financial year dependent on the outcome of the performance assessment for the individual.

There is no expected reimbursement amounts from this provision.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

14. Revenue

Interest received - trading	734,280	1,141,575
Other income	230,940	1,123,900
Interest received - investment	3,741,895	2,824,496
Government grants and subsidies	108,706,000	103,760,000
	113,413,115	**108,849,971**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Interest received - trading	734,280	1,141,575
Other income - rollup	230,940	1,123,900
Interest received - investment	3,741,895	2,824,496
	4,707,115	**5,089,971**

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	108,706,000	103,760,000

15. Other income

Other income	230,940	1,123,900

16. Investment revenue

Interest revenue		
Interest received - investment	3,741,895	2,824,496

Figures in Rand	2015	2014 Restated*

17. Government grants and subsidies

Capital grants		
Equitable share	26,260,000	24,657,562
Financial Management Grant	1,250,000	1,250,000
Expanded Public Works Programme	-	1,000,000
Municipal Systems Improvement Programme Grant	934,000	890,000
Levy Replacement (Transitional) Grant	78,487,000	75,962,438
Rural Roads Asset Management Systems Grant	1,775,000	-
	108,706,000	103,760,000
	108,706,000	**103,760,000**

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	3,959,000	2,140,000
Unconditional grants received	104,747,000	101,620,000
	108,706,000	**103,760,000**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Financial Management Grant

Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,250,000)
	-	**-**

The purpose of the grant is to promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Expanded Public Works Programme

Current-year receipts	-	1,000,000
Conditions met - transferred to revenue	-	(1,000,000)
	-	**-**

The Expanded Public Works Programme is a operational grant which is used by the municipality on its own discretion.

Municipal System Improvement Grant

Current-year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
	-	**-**

Levy Replacement (Transitional) Grant

Current-year receipts	78,487,000	75,962,438
Conditions met - transferred to revenue	(78,487,000)	(75,962,438)
	-	**-**

Figures in Rand	2015	2014 Restated*

17. Government grants and subsidies (continued)

The Levy Replacement (Transitional) Grant is a operational grant which is used by the municipality on its own discretion, which is mainly to fund its operational activities.

18. Employee related costs

Basic	32,574,972	31,053,997
Bonus - 13th cheque	2,769,292	3,192,277
Medical aid - company contributions	3,139,914	2,907,242
UIF	210,620	210,283
WCA	337,747	745,862
Leave pay provision charge	2,500,679	2,249,858
Severance package	1,209,615	-
Defined contribution plans	2,149,687	3,611,653
Overtime payments	232,034	187,962
Travel allowance	5,298,689	5,281,735
Housing benefits and allowances	276,402	327,386
Cell phone allowance	196,798	234,618
Contribution to Pension and Providend funds	5,809,119	5,554,787
Standby allowances	143,863	165,000
Group life insurance	540,866	516,523
	57,390,297	**56,239,183**

Reconciliation of employee related cost

Salaried staff	57,390,297	56,239,183
Municipal manager	1,346,903	1,265,565
Chief finance officer	1,073,941	920,767
Manager LED	941,056	863,359
Manager corporate services	844,511	581,399
Manager environmental health and disaster management	941,056	869,916
	62,537,764	**60,740,189**

Remuneration of Ms PME Kaota - Municipal Manager

Annual Remuneration	777,773	737,739
Car Allowance	218,281	202,134
Bonus - 13th cheque	63,905	61,478
Contributions to UIF, Medical and Pension Funds	151,420	144,214
Cellphone allowance	36,000	36,000
Housing allowance	84,000	84,000
Acting allowance - Mr Mahlanyane	15,524	-
	1,346,903	**1,265,565**

Mr Mahlanyane was acting for the month of June 2015.

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

18. Employee related costs (continued)

Remuneration of Mr PK Pitso - Chief Finance Officer

Annual Remuneration	665,671	546,040
Car Allowance	148,248	119,249
Bonus- 13th cheque	14,379	33,332
Contributions to UIF, Medical and Pension Funds	155,643	139,275
Acting allowance - Me Gqoli	-	3,071
Housing allowance	60,000	60,000
Cellphone allowance	30,000	19,800
	1,073,941	**920,767**

Me Gqoli was acting as CFO for the month of December 2013.

Remuneration of Me N Gqoli - Acting Chief Finance Officer

	-	3,071

Remuneration of Mr TA Jonas - Manager LED

Annual Remuneration	555,409	515,712
Car Allowance	120,000	120,000
Bonus - 13th cheque	43,658	33,705
Contributions to UIF, Medical and Pension Funds	134,058	124,129
Acting allowance - Mr Skele	-	4,109
Housing allowance	69,931	56,704
Cellphone allowance	18,000	9,000
	941,056	**863,359**

Mr Skele was acting as the Manager - LED in August 2013

Remuneration of Mr TL Skele - Acting Manager LED

	-	4,109

Remuneration of Mr MJ Mahlanyane - Manager Corporate Services

Annual Remuneration	496,744	360,000
Car Allowance	148,440	108,655
Bonus - 13th cheque	40,000	-
Contributions to UIF, Medical and Pension Funds	141,327	101,344
Cellphone allowance	18,000	11,400
	844,511	**581,399**

Remuneration of Mr MM Mthombeni - Manager Environmental Health and Disaster Management

Annual Remuneration	555,409	515,712
Car Allowance	118,425	103,452
Bonus - 13th cheque	43,658	40,372
Contributions to UIF, Medical and Pension Funds	145,564	137,380
Housing allowance	60,000	60,000
Cellphone allowance	18,000	13,000
	941,056	**869,916**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

19. Remuneration of councillors

	2015	2014
Mayoral committee members	4,033,481	3,983,412
Speaker	725,568	437,421
Executive mayor	632,328	846,004
Councillors	3,902,134	3,446,597
	9,293,511	**8,713,434**

Executive Mayor	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
Cllr Speelman	490,093	48,089	15,714	73,514	4,918	632,328
Total	490,093	48,089	15,714	73,514	4,918	632,328

Speaker	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
Cllr Olifant	560,105	54,959	20,868	84,016	5,620	725,568
Total	560,105	54,959	20,868	84,016	5,620	725,568

Mayoral committee members	Basic	Travel Allowance	Cellphone Allowance	Pension and Medical Aid	SDL	Total
7 Members	2,443,296	980,732	83,472	494,014	31,967	4,033,481
Total	2,443,296	980,732	83,472	494,014	31,967	4,033,481

Part time councillors	Basic	Travel Allowance	Cellphone and data allowance	Pension and Medical Aid	SDL	Total
17 Members	1,966,665	801,809	269,368	428,348	25,759	3,491,949
Session allowances	410,185	-	-	-	-	410,185
	2,376,850	**801,809**	**269,368**	**428,348**	**25,759**	**3,902,134**

20. Transfers to local municipalities

	2015	2014
Expenditure during the financial year	1,048,505	1,563,049

The municipality paid loan repayments on behalf of Matjhabeng local municipality during the year.

21. Depreciation and amortisation

	2015	2014
Property, plant and equipment	6,505,111	6,651,214

22. Impairment of assets

	2015	2014
Impairments		
Property, plant and equipment	2,500	-
Impairment of property, plant and equipment was due to the donation of obsolete assets.		
Receivables from non-exchange transactions	-	(2,911,381)
Trade and other receivables	1,064,824	-
Impairment of non recoverable long outstanding debtors		
	1,067,324	**(2,911,381)**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

23. Finance costs

Non-current borrowings	2,320,928	2,582,857

24. Repairs and maintenance

Repairs and maintenance	464,512	404,943

25. Consulting and professional fees

Legal services	235,341	361,665
Consultant fees	623,320	1,287,079
	858,661	**1,648,744**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

26. General expenses

Advertising	136,528	159,620
Arts and culture	129,915	146,390
Audit committee	113,312	157,508
Auditors remuneration	2,182,603	2,015,513
Bank charges	67,083	57,853
Branding of the municipality	54,649	237,716
Bursaries	1,807,393	1,265,492
Campaigns	1,227,211	871,659
Capacity development programme	934,000	855,473
Children's programme	65,210	28,995
Cleaning	91,728	21,010
Co-operative development	22,344	810,000
Consumables	26,346	60,895
Educational project	370,658	760,906
Electricity	393,980	333,681
Entertainment	367,399	269,916
Environmental development	125,018	178,442
Expanded Public Works Programme	1,546,173	784,240
Festivals	750,000	2,195,514
Financial Management Reforms	1,322,216	1,234,110
Fuel and oil	400,535	322,268
Gender disability	43,435	292,300
Grant in aid	151,999	592,058
Insurance	141,527	147,459
Internet expenses	350,466	327,576
LED Development	266,984	88,464
Lease payments	232,448	231,639
Magazines, books and periodicals	1,649	1,528
Membership fees	564,660	508,194
Moral regeneration	129,601	246,962
National Freedom Day	-	455,224
OR Tambo games	484,228	661,260
Other expenses	133,627	563,052
Poverty alleviation	383,050	500,000
Printing and stationery	506,571	429,239
Programmes	428,646	154,685
Property rates	66,799	52,820
Refuse	10,498	10,071
Research and development costs	1,587,498	-
License fees	359,804	361,425
Security (Guarding of municipal property)	30,546	25,866
Sewerage and waste disposal	1,470	697
Skills development levy	460,034	436,181
SMME	40,930	398,092
Staff welfare	586,235	164,012
Subscriptions and membership fees	28,601	27,089
Telephone and fax	609,915	521,244
Tourism development	-	600,000
Training	1,903,551	1,786,030
Travel - overseas	714,965	-
Travelling	315,842	240,844
Uniforms	30,831	29,025
Youth development	186,241	241,775
	22,886,952	**22,862,012**

Figures in Rand	2015	2014 Restated*

27. Auditors' remuneration

	2015	2014
Fees	2,182,603	2,015,513

28. Financial instruments disclosure

Categories of financial instruments

2015

Financial assets

	At amortised cost	Total
Other financial assets	40,366,752	40,366,752
Trade and other receivables from exchange transactions	247,262	247,262
Cash and cash equivalents	18,069,343	18,069,343
	58,683,357	**58,683,357**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	13,113,086	13,113,086
Trade and other payables from exchange transactions	7,686,618	7,686,618
	20,799,704	**20,799,704**

2014

Financial assets

	At amortised cost	Total
Other financial assets	30,284,902	30,284,902
Other receivables from non-exchange transactions	859,561	859,561
Cash and cash equivalents	18,464,437	18,464,437
	49,608,900	**49,608,900**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	14,960,102	14,960,102
Trade and other payables from exchange transactions	7,137,911	7,137,911
	22,098,013	**22,098,013**

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

29. Cash generated from operations

Surplus	3,692,458	3,613,250
Adjustments for:		
Depreciation and amortisation	6,505,111	6,651,214
Loss on sale of assets	237,389	481,858
Impairment loss (reversal)	1,067,324	(2,911,381)
Movements in retirement benefit assets and liabilities	1,494,000	3,377,828
Movements in provisions	(306,270)	460,967
Non-cash journals	780,240	(3,164,978)
Changes in working capital:		
Other receivables from non-exchange transactions	(452,525)	3,604,276
Payables from exchange transactions	548,708	678,610
VAT	(507,813)	(84,641)
	13,058,622	**12,707,003**

30. Commitments

Authorised capital expenditure

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	282,185	263,651
- in second to fifth year inclusive	297,805	43,942
	579,990	**307,593**

It is municipality policy to lease certain office equipment under operating leases. The lease term is 3 years at an annual rental. The lease will expire in August 2015.

The municipality leased a telephone system under an operating lease. The lease term is 3 years. The lease will expire in September 2017.

31. Contingencies

Contingent liabilities		
Ex - Municipal Manager claiming termination benefits prior to the contract's expiry date	-	114,383
Current employee declared a dispute	-	62,494
	-	**176,877**

An ex- employee declared a dispute for pension fund contributions for 5 years. The case is still on going and no amount could be determined at this stage. (2015)

The ex-Municipal Manager claimed termination benefits of the contract prior to its expiry date to the value of R114,383. (2014)

Current employee declared a dispute on the post level. (2014)

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

32. Related parties

Relationships	
Controlled entities	Lejweleputswa Development Agency (SOC) Ltd. Refer to note 9
Members of key management	Refer to note 18 and 19

Related party balances

	2015	2014 Restated*
Investments		
Investments in subsidiary	100	100
Transfers		
Lejweleputswa Development Agency (SOC) Ltd	2,500,000	2,500,000
Purchases from related parties		
Fair weather Trading	-	29,000

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

33. Prior period errors

The prior year has been amended to account for prior period errors.

Below is a description of each individual prior period error followed by a summary of the total effect of the prior period errors on the amounts previously disclosed.

1. Property plant and equipment restated

The asset report from prior year did not agree to the annual financial statements of 2014.

The effect of this adjustment on the prior year is as follows:

Adjustments affecting the statement of financial position	
Increase in property plant and equipment	1,834

Adjustment affecting the statement of financial perfomance	
Decrease in depreciation	(1,834)

2. Property, plant and equipment

Alignment of the annual financial statements to the fixed asset register .

The effect of these adjustments on the prior year are as follows:

Adjustments affecting the statement of financial position	
Increase in property, plant and equipment	11,997
Decrease in accummulated surplus	(11,997)
	-

3. VAT receivable

Trade payables were overstated and VAT receivable understated and subsequently restated

The effect of this adjustment on the prior year is as follows:

Adjustments affecting the statement of financial position	
Increase in VAT receivable / (VAT payable)	116,618
Decrease in trade payables from exchange transactions	(116,618)
	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

33. Prior period errors (continued)

Statement of Financial Position as at 2014	Balance as previously reported	Prior period error	Reclassified - note 34	Restated balance
Assets				
Current Assets				
Cash and cash equivalents	18,464,437	-	-	18,464,437
Financial assets	30,284,902	-	-	30,284,902
Receivables from non-exchange transactions	859,561	-	-	859,561
VAT receivable / (VAT payable)	(27,227)	116,618	-	89,391
Total current assets	49,581,673	116,618	-	49,698,291
Non-current Assets				
Investment property	-	-	-	-
Property, plant and equipment	70,947,875	(798,866)	-	70,149,009
Intangible assets	1,610,437	-	-	1,610,437
Investments in controlled entities	100	-	-	100
Total non-current assets	72,558,412	(798,866)	-	71,759,546
Liabilities				
Current Liabilities				
Payables from exchange transactions	7,021,293	116,618	-	7,137,911
Other financial liabilities	1,847,014	-	-	1,847,014
Long service awards	3,217,000	-	-	3,217,000
Provisions	842,307	-	-	842,307
Total current liabilities	12,927,614	116,618	-	13,044,232
Non-current Liabilities				
Other financial liabilities	13,113,088	-	-	13,113,088
Employee benefit obligation	7,588,000	-	-	7,588,000
Total non-current liabilities	20,701,088	-	-	20,701,088
Net Assets				
Accumulated surplus - Opening balance	87,712,417	780,240	-	88,492,657
Total net assets	87,712,417	780,240	-	88,492,657

34. Comparative figures

Certain comparative figures have been reclassified (refer to note 33) for the details of the reclassification. The reclassification was done on the ABSA call account. This was disclosed in the past as an investment and should have been disclosed as cash and cash equivalents.

35. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: credit risk and liquidity risk and market risk.

Liquidity risk

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

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

At 30 June, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	2,145,864	10,967,222	-
Trade and other payables	7,686,618	-	-

At 30 June, 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Borrowings	1,847,293	1,026,641	12,086,467
Trade and other payables	7,137,911	-	-

Credit risk

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

Receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by management.

Cash and cash equivalents and investments - the municipality limits its credit risk by only banking with registered financial institutions in terms of the Banks Act, 94 of 1990 operating in South Africa. The municipality does not expect any counterparty to fail to meets its obligation.

Receivables from non-exchange transactions - management evaluated credit risk relating to customers on an ongoing basis. If there is no independent rating, risk control assessess the credit quality of the customer, taking into account its financial position, past experience and other factors.

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

Financial instrument	2015	2014
Receivables from non-exchange transactions	247,262	859,561
Cash and cash equivalents	18,069,343	18,464,437
Financial assets	40,366,752	30,284,902

Market risk

Interest rate risk

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

The risk is managed on an on-going basis.

Figures in Rand	2015	2014 Restated*

36. Going concern

We draw attention to the fact that at 30 June, 2015, the municipality had a surplus of R 3,692,458 and the municipality's total assets exceed its liabilities by R 92,185,115.

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.

37. Events after the reporting date

There was no events after the reporting date, which needs to be disclosed.

38. Unauthorised expenditure

Unauthorised expenditure	1,595,540	1,595,540

39. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	288,680	288,680

The expenditure includes interest paid for late payment to suppliers.

40. Irregular expenditure

Opening balance	35,061,963	31,243,921
Add: Irregular Expenditure - councillors remuneration	1,476,324	1,392,769
Add: Irregular Expenditure - supply chain	278,258	3,818,042
Less: Amounts recoverable (not condoned)	(1,476,324)	(1,392,769)
	35,340,221	**35,061,963**

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	564,660	508,194
Amount paid - current year	(564,660)	(508,194)
	-	-

Audit fees

Current year subscription / fee	2,182,603	2,015,513
Amount paid - current year	(2,182,603)	(2,015,513)
	-	-

PAYE, SDL and UIF

Current year subscription / fee	11,474,293	11,520,000
Amount paid - current year	(11,474,293)	(11,520,000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2015	2014 Restated*

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

Pension and medical aid deductions

Current year subscription / fee	10,761,541	10,090,823
Amount paid - current year	(10,761,541)	(10,090,823)
	-	-

VAT

VAT receivable	597,204	89,391

VAT output payables and VAT input receivables are shown in note 6.

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

Councillors' arrear consumer accounts

There are no councillor accounts in arrears for a period greater than 90 days.

42. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Deviations according to the 5 categories in paragraph 36	Rand value (2015)	Number of transactions (2015)
Emergency	135,271	2
Supplies from sole supplier	59,286	1
In any other exceptional case where it is impractical/ impossible to follow the SCM process	83,701	4
	278,258	**7**

43. Budget differences

Material differences between budget and actual amounts

Interest received - trading: the budgeted amount was net of impairment.

Other income: commission charged on salaries third party payments

Interest received - investments: the amount budgeted for was based on a more conservative approach on a volatile market

Impairment loss/ reversal of impairment: non payment of debtors.

Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
																		Yes/ No	
Equitable share	National Treasury	26,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-		No	
Transitional Grang	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
FMG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
MSIG	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
EPWP	National Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		26,389	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
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
Revenue - Standard															
Governance and administration	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
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
Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

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
Revenue by Vote															
Example 1 - Vote1	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 2 - Vote2	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 3 - Vote3	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 4 - Vote4	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 5 - Vote5	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 6 - Vote6	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 7 - Vote7	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 8 - Vote8	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 9 - Vote9	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 10 - Vote10	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 11 - Vote11	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
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 %				-
Total Revenue by Vote	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Expenditure by Vote to be appropriated															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
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 %	-	-	-	-
Total Expenditure by Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
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
Revenue By Source															
Property rates	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	2,526,022	-	2,526,022	-		2,526,022	4,476,175		1,950,153	177 %	177 %				3,966,071
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Licences and permits	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other revenue	100,000	-	100,000	-		100,000	230,940		130,940	231 %	231 %				1,123,900
Gains on disposal of PPE	(17,244)	-	(17,244)	-		(17,244)	(237,389)		(220,145)	1,377 %	1,377 %				(481,858)
Total Revenue (excluding capital transfers and contributions)	**2,608,778**	**-**	**2,608,778**	**-**		**2,608,778**	**4,469,726**		**1,860,948**	**171 %**	**171 %**				**4,608,113**

Appendix G3
Budgeted Financial Performance (revenue and expenditure)
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
Expenditure By Type															
Employee related costs	64,643,464	-	64,643,464	-	-	64,643,464	62,537,764	-	(2,105,700)	97 %	97 %	-	-	-	60,740,187
Remuneration of councillors	8,961,550	-	8,961,550	-	-	8,961,550	9,293,511	-	331,961	104 %	104 %	-	-	-	8,713,434
Debt impairment	-	-	-		-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Depreciation & asset impairment	9,272,672	-	9,272,672		-	9,272,672	7,572,435	-	(1,700,237)	82 %	82 %	-	-	-	3,739,833
Finance charges	2,320,928	-	2,320,928	-	-	2,320,928	2,320,928	-	-	100 %	100 %	-	-	-	2,582,857
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	1,038,145	-	1,038,145	-	-	1,038,145	858,661	-	(179,484)	83 %	83 %	-	-	-	1,648,744
Transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other expenditure	29,644,013	-	29,644,013	-	-	29,644,013	26,899,971	-	(2,744,042)	91 %	91 %	-	-	-	27,271,328
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	**115,880,772**	**-**	**115,880,772**	**-**	**-**	**115,880,772**	**109,483,270**	**-**	**(6,397,502)**	**94 %**	**94 %**	**-**	**-**	**-**	**104,696,383**
Surplus/(Deficit)	**(113,271,994)**	**-**	**(113,271,994)**	**-**		**(113,271,994)**	**(105,013,544)**		**8,258,450**	**93 %**	**93 %**				**(100,088,270)**
Transfers recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributions recognised - capital	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Contributed assets	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after capital transfers & contributions	**(113,271,994)**	**-**	**(113,271,994)**	**-**		**(113,271,994)**	**(105,013,544)**		**8,258,450**	**93 %**	**93 %**				**(100,088,270)**
Taxation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) after taxation	**(113,271,994)**	**-**	**(113,271,994)**	**-**		**(113,271,994)**	**(105,013,544)**		**8,258,450**	**93 %**	**93 %**				**(100,088,270)**
Attributable to minorities	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) attributable to municipality	**(113,271,994)**	**-**	**(113,271,994)**	**-**		**(113,271,994)**	**(105,013,544)**		**8,258,450**	**93 %**	**93 %**				**(100,088,270)**
Share of surplus/ (deficit) of associate	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Surplus/(Deficit) for the year	**(113,271,994)**	**-**	**(113,271,994)**	**-**		**(113,271,994)**	**(105,013,544)**		**8,258,450**	**93 %**	**93 %**				**(100,088,270)**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
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
Capital expenditure - Vote															
Multi-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
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 %	-	-	-	-
Capital multi-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Single-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
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 %	-	-	-	-
Capital single-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Total Capital Expenditure - Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
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
Capital Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G5
Budgeted Cash Flows
for the year ended 30 June, 2015

	2015/2014								2014
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	2,591,534	-	2,591,534	2,591,534	8,247,266	5,655,732	318 %	318 %	7,399,431
Government - operating	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	-	-	-	-	4,476,175	4,476,175	DIV/0 %	DIV/0 %	3,966,071
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	125,153,444	-	125,153,444	125,153,444	120,886,259	(4,267,185)	97 %	97 %	115,524,114
Finance charges	-	-	-	-	2,320,928	2,320,928	DIV/0 %	DIV/0 %	2,582,857
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	**127,744,978**	**-**	**127,744,978**	**127,744,978**	**135,930,628**	**8,185,650**	**106 %**	**106 %**	**129,472,473**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	(17,244)	-	(17,244)	(17,244)	(237,389)	(220,145)	1,377 %	1,377 %	(481,858)
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	10,081,850	10,081,850	DIV/0 %	DIV/0 %	5,284,902
Payments									
Capital assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	**(17,244)**	**-**	**(17,244)**	**(17,244)**	**9,844,461**	**9,861,705**	**(57,089)%**	**(57,089)%**	**4,803,044**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	(1,847,014)	(1,847,014)	DIV/0 %	DIV/0 %	(1,585,085)
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	**-**	**-**	**-**	**-**	**(1,847,014)**	**(1,847,014)**	**DIV/0 %**	**DIV/0 %**	**(1,585,085)**
Net increase/(decrease) in cash held	**127,727,734**	**-**	**127,727,734**	**127,727,734**	**143,928,075**	**16,200,341**	**113 %**	**113 %**	**132,690,432**
Cash/cash equivalents at the year begin:					1,185,537,125				543,576,502
Cash/cash equivalents at the year end:	**127,727,734**	**-**	**127,727,734**	**127,727,734**	**1,329,465,200**	**16,200,341**	**1,041 %**	**1,041 %**	