



**Annual Financial Statements for
ZULULAND DISTRICT MUNICIPALITY
for the year ended 30 June 2015**

Province:

KwaZulu Natal

Contact Information:

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**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

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**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

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

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015**

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

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Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

ZULULAND DISTRICT MUNICIPALITY

Physical address:

B-400 GAGANE STREET
ULUNDI
3838

Postal address:

PRIVATE BAG X76
ULUNDI
3838

Telephone number:

035 874 5500

Fax number:

035 874 5569/91

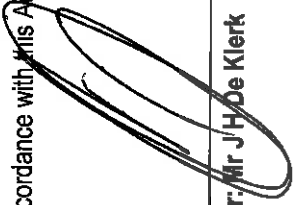
E-mail address:

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**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**
for the year ended 30 June 2015

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 52**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.



Municipal Manager: Mr J H De Klerk

31 August 2015

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION
as at 30 June 2015

	Note	2015 R	2014 R
ASSETS			
Current assets		33 034 742	19 646 077
Cash and cash equivalents	2	6 000	-
Trade receivables from exchange transactions	3.1.	8 103 144	3 791 500
Other receivables from exchange transactions	3.2.	177 118	31 600
Other receivables from non-exchange transactions	4 & 38	12 956 283	4 141 495
Inventories	5	5 507 329	3 285 555
Prepayments	6	759 931	1 754 390
VAT receivable	13	5 524 936	6 641 538
Non-current assets		2 254 069 186	2 056 953 769
Non-current receivables	7	5 224 345	3 124 887
Property, plant and equipment	8	2 247 030 312	2 052 293 685
Heritage assets	9	1 151 452	1 151 452
Intangible assets	10	663 078	383 745
Total assets		2 287 103 928	2 076 599 847
LIABILITIES			
Current liabilities		132 666 796	94 291 921
Trade and other payables from exchange transactions	11	76 828 090	79 132 435
Consumer deposits	12	3 329 844	3 227 865
Current provisions	14	6 814 881	5 869 455
Bank overdraft	2	45 486 859	5 499 352
Payables from non-exchange transactions	15	207 123	562 815
Non-current liabilities		15 738 325	5 325
Rental deposits held	17	5 325	5 325
Post retirement benefit obligations	39	15 733 000	-
Total liabilities		148 405 121	94 297 246
Net assets		2 138 698 807	1 982 302 601
NET ASSETS			
Accumulated surplus / (deficit)		2 138 698 807	1 982 302 600
Total net assets		2 138 698 807	1 982 302 600

ZULULAND DISTRICT MUNICIPALITY
 STATEMENT OF FINANCIAL PERFORMANCE
 for the year ending 30-June 2015

	Note	2015 R	2014 R
Revenue from Exchange Transactions			
Service charges	18	29 948 179	26 899 025
Rental of facilities and equipment	19	178 377	119 418
Interest earned - external investments	20	2 037 921	6 980 485
Other revenue from exchange transactions	23	3 701 241	2 533 754
Reversal of contribution to doubtful debts	3	7 682 194	-
Revenue from Non-Exchange Transactions			
Government grants and subsidies received	22	659 449 094	673 040 161
Other revenue from non-exchange	22.1	37 964	27 864
Total revenue		703 034 970	709 600 706
Expenses			
Employee related costs	24	144 055 908	128 570 712
Remuneration of councilors	25	6 221 335	6 191 361
Contribution to Doubtful debts	3	-	6 416 307
Depreciation and amortisation expense	26.1	39 089 925	29 700 571
Repairs and maintenance	26.2	41 115 042	47 091 156
Bad debts	50	8 246 053	-
Employee benefits	39	15 733 000	-
Bulk Water purification and Sewer Treatment	28	74 180 428	76 016 153
Contracted services	29	14 862 961	13 428 612
Grants and subsidies paid	30	200 000	1 829 239
General expenses	31	204 716 127	212 653 951
Total expenses		548 420 779	521 898 061
Gains on sale of assets			
Financial Loss Recovered	32	167 119	23 291
Surplus / (deficit) for the period	42	1 097 113	1 000 000
		155 878 422	188 725 936

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
 for the year ended 30 June 2015

DETAILS

	R
Balance at 30 June 2013	1 792 772 066
Correction of prior period error	977 568
Restated Balance at 30 June 2013	1 793 749 634
Surplus / (deficit) for the period	188 725 936
Restated Balance at 30 June 2014	1 982 475 570
Correction of prior period error	(172 970)
Restated Balance at 30 June 2014	1 982 302 600
Transfers to accumulated surplus	517 785
Surplus / (deficit) for the period	155 878 422
Balance at 30 June 2015	2 138 698 807

Note

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ZULULAND DISTRICT MUNICIPALITY
 CASH FLOW STATEMENT
 for the year ended 30 June 2015

	Note	2015	2014
		R	R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		686 563 006	716 985 248
Cash Received from consumers, government and other	33	686 563 006	716 985 248
Payments		(510 894 453)	(496 183 496)
Cash Paid to employee costs, supplier and other	33	(510 894 453)	(496 183 496)
Net cash flows from operating activities	33	175 668 553	220 801 752
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash flows from investing activities		(231 363 059)	(315 851 983)
Purchase of Property, Plant and Equipment		(233 345 001)	(323 461 861)
Purchase of Heritage Assets		-	(162 974)
Proceeds from sale of Property, Plant and Equipment		395 346	842 167
Interest-Investments		2 037 921	6 980 485
Purchase of intangible assets		(471 325)	(49 800)
Proceeds from sale of investments			
Purchase of foreign currency securities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in post retirement benefit obligations		15 733 000	-
Net Increase / (decrease) in net cash and cash equivalents		(39 961 507)	(95 050 231)
Net cash and cash equivalents at beginning of period		(5 499 352)	89 550 879
Net cash and cash equivalents at end of period	34	(45 480 859)	(5 499 352)

TOULAKI DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

Actual 2014	Description	Actual 2015	Approved Budget 2015	Adjustments	Final Budget 2015	Difference	Comments
	Revenue						
28 899 025	Service charges	29 948 179	29 297 000		29 297 000	651 179	Service charges from Sewerage Removal was not budget for during 2014/15 budget
119 418	Rental of facilities and equipment	178 377	65 000		65 000	113 377	Budget was based on the last financial year's actual.
6 980 485	Interest earned - external investments	2 037 921	8 581 000	-6 000 000	2 581 000	-543 079	Interest is based on estimated capital investments that fluctuate during the year.
	Reversal of provision for doubtful debts	7 682 194					Reversal of provision
673 040 161	Government grants and subsidies	659 449 094	649 563 000	-6 537 000	643 026 000	16 423 094	P 700 Grant was not received, RBIG was not received in full and the additional allocation of MIG and ACP.
2 561 618	Other income	3 739 205	181 672 000	-1 662 000	180 020 000	-176 280 795	Due to the appropriation of accumulated reserves used to finance the budget
709 600 706	Total revenue	703 034 970	869 178 000	-14 189 000	854 989 000	191 954 030	
	Expenses						
128 570 712	Employee related costs	144 055 908	142 395 000		142 395 000	-1 660 908	savings was reallocated to salaries to cater for salaries more than budget.
6 191 361	Remuneration of councillors	6 221 335	6 467 000		6 467 000	245 665	savings in allowances
-	Bad debts	8 246 063				-8 246 063	Based on actual debt impairment
29 700 571	Depreciation and amortisation expense	39 089 925	45 618 000		45 618 000	6 528 075	Other Assets are purchased at different intervals during the year and some were not capitalised since they are still in progress.
47 091 156	Repairs and maintenance	41 115 042	58 987 000		58 987 000	17 871 958	Savings achieved
-	Employee benefits	15 733 000				-15 733 000	No budget for employee benefits
76 016 153	Bulk Water purification and Sewer Treatment	74 180 428	84 865 000		84 865 000	10 684 572	bulk water purchases is fully spent as a result of refurbishment works conducted at the plants.
13 428 612	Contracted services	14 862 961	15 401 942		15 401 942	538 981	There are savings in the budget
1 829 239	Grants and subsidies paid	200 000	1 981 000		1 981 000	1 781 000	Funded organisations could not prove prior year expenditure and it was agreed that money will not be transferred
219 070 258	General expenses	204 716 127	188 455 058	-16 680 000	141 775 058	-62 941 069	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted to the expenditure being operating and included in the financial performance
521 898 061	Total expense	548 420 779	514 170 000	-16 680 000	497 490 000	-50 930 779	
23 291	Gain / (losses) on sale of assets	167 119					
1 000 000	Financial Loss Recovered	1 067 113					Proceeds from insurance claim
188 725 936	Surplus / (Deficit) for the period	155 878 422	355 008 000		357 499 000	202 864 610	

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

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

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

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

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

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

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

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

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

GRAP 18: SEGMENT REPORTING

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

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

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

GRAP 20: RELATED PARTY DISCLOSURES

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

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

GRAP 25: EMPLOYEE BENEFITS

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

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

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

GRAP 31: INTANGIBLE ASSETS

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

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

There is no impact of the standard on adoption.

GRAP 105: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

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

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

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

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

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

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

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

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

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

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

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

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

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

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

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

1.6.2

SUBSEQUENT MEASUREMENT - COST MODEL

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

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

1.6.3

DEPRECIATION AND IMPAIRMENT

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

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

Infrastructure	
Water	15-70 years
Sewerage	15-70 years
Community	
Buildings	30 years
Recreational Facilities	20-30 years
Finance lease assets	
Office equipment	5 years
Other	
Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

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

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

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

1.6.4

DERECOGNITION

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

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

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

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

1.7.2

MEASUREMENT AT RECOGNITION

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

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

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

1.7.3

SUBSEQUENT MEASUREMENT

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

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

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

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

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the Statement of Financial Performance.

1.7.5 TRANSITIONAL PROVISIONS

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

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

1.8.2

SUBSEQUENT MEASUREMENT - COST MODEL

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

1.8.3

AMORTISATION AND IMPAIRMENT

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

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

Computer software 5-7 years

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.8.4 DERECOGNITION

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

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION

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

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

1.9.2 SUBSEQUENT MEASUREMENT

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

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

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

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

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

1.10.2 MEASUREMENT

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

1.10.3 DERECOGNITION

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

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

1.11.3 IMPAIRMENTS

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

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

1.11.4 DERECOGNITION

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

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

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

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

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

1.12.2 MEASUREMENT

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

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

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

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

1.12.2 DERECOGNITION

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.13 FINANCIAL INSTRUMENTS
1.13.1 INITIAL RECOGNITION

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

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

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

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

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

1.13.2 MEASUREMENT

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

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

1.13.3 IMPAIRMENTS

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

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

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

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

- The cash flows from the asset expire, are settled or waived;
- a) Significant risks and rewards are transferred to another party; or
- b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

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

1.9 INVESTMENTS

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.10 TRADE AND OTHER RECEIVABLES

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

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

1.11 TRADE PAYABLES AND BORROWINGS

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

1.12 CASH AND CASH EQUIVALENTS

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

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

1.13 UNAUTHORISED EXPENDITURE

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

1.14 IRREGULAR EXPENDITURE

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

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

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

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

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

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

1.16.2 MUNICIPALITY AS A

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

1.17 PROVISIONS

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

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

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

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

1.18.3 GRANTS, TRANSFERS AND DONATIONS

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

1.19 BORROWING COSTS

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

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

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

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

Defined Contribution Plans

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

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

Defined Benefit Plans

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

Pension obligations

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

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2015

Municipal Councillors

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

Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits for current employees of the municipality. According to the municipality, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in the Statement of Financial Performance.

Past-service costs are recognised immediately in the Statement of Financial Performance.

1.21 VAT

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

1.22 BUDGET INFORMATION

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

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

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2014 to 30 June 2015.

1.23 CAPITAL COMMITMENTS

Most of infrastructure projects are multi-year projects that requires budget funding over certain period of years. At year-end reporting date some funds are committed and contract signed with various contractors to carry out construction of infrastructure projects. Some funds are committed but not yet contracted for. Committed amount is net of VAT.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:
Cash on hand
Call deposits

Note	2015 R	2014 R
	6 000	-
	6 000	-

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch, 4047162045

Cash book balance at beginning of year	-5 499 352	(39 476 013)
Cash book balance at end of year	-	(5 499 352)
Bank statement balance at beginning of year	11 200 997	40 318 624
Bank statement balance at end of year	-	11 200 997
Cash on hand	6 000	-
Total cash and cash equivalents	6 000	-
Total bank overdraft	45 486 659	5 499 352

Call Accounts

Alusa Bank (20-7293-6439)
First National Bank (1053607016)
Standard Bank (9864660)
Investec
Total

	30 000 000	
	10 000 000	
	10 000 000	
	-	
	-	50 000 000

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

3.1 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables
as at 30 June 2015

	Gross Balances R	Impairment of Debtors R	Net Balance R
Service debtors (Water and Sanitation)	64 466 163	56 363 019	8 103 144
Total	64 466 163	56 363 019	8 103 144
as at 30 June 2014	67 836 712	64 045 213	3 791 500
Service debtors (Water and Sanitation)	67 836 712	64 045 213	3 791 500
Total	67 836 712	64 045 213	3 791 500

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	<u>2015</u>	<u>2014</u>
Note	R	R
Water and Sewerage: Arising		
Current (0 – 30 days)	2 696 613	5 057 607
31 - 60 Days	1 765 851	1 436 677
61 - 90 Days	1 719 592	1 534 993
91 - 120 Days	1 592 412	1 244 947
121 - 365 Days	9 677 446	9 471 371
+ 365 Days	47 024 249	49 091 117
Total	64 466 163	67 836 712

Summary of Debtors by Customer Classification

	Consumers	Industrial / Commercial / National & Provincial Government
	R	R
as at 30 June 2015		
Current (0 – 30 days)	1 179 771.83	1 506 842
31 - 60 Days	941 867.58	823 983
61 - 90 Days	973 637.80	746 954
91 - 120 Days	937 707.68	654 705
121 - 365 Days	7 546 428.93	2 131 017
+ 365 Days	43 150 838.46	3 873 411
Sub-total	54 730 252.30	9 735 911
Less: Provision for doubtful debts		
Total debtors by customer classification	54 730 252	9 735 911

as at 30 June 2014		
Current (0 – 30 days)	2 360 442	2 697 165
31 - 60 Days	980 642	456 036
61 - 90 Days	942 468	592 525
91 - 120 Days	920 631	324 416
121 - 365 Days	7 411 073	2 060 298
+ 365 Days	45 883 098	3 198 108
Sub-total	50 508 164	9 328 548
Less: Provision for doubtful debts		
Total debtors by customer classification	50 508 164	9 328 548

3.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year	64 045 215	57 628 908
Contributions to provision	-	6 416 307
Reversal of provision	(7 682 194)	-
Total	56 363 021	64 045 215
Correction of error (Note 3f)	-	-
Balance at end of year	56 363 021	64 045 215

Trade and other receivables past due but not impaired

Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2015, R6 103 144 - (2014: R3 791 500) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:
Less than 60 days past due
Less than 180 days past due

	1 304 452	1 268 885
	6 798 692	2 502 614
	8 103 144	3 791 500

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS**
for the year ended 30 June 2015

	2015 R	2014 R
56 363 021		64 045 213
5 072 461		7 900 892
51 290 559		56 144 321

Trades and other receivables impaired

As of 30 June 2015, trade and other receivables of R56 363 021 - (2014: R64 045

215) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months

Over 6 months

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

3.2.

OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Debtor: Ondini Motors	-	31 600
Debtor: Avis	5 364	-
Debtor: Waphatha Group Pty Ltd	18 774	-
Debtor: Imibal Elegance Tourism	16 092	-
Debtor: BP Drakensburg	136 888	-
Total	177 118	31 600

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Debtor: Interest on Investment (Call accounts)	13 631	70 318
Debtor: S S Nkambule	17 740	29 740
Debtor: ISM Hadebe	23 043	73 514
Debtor: JB Dlamini	18 440	36 276
Debtor: Natal Spa	-	71 058
Debtor: Insurance Claim	202 679	202 679
Debtor: Ujundi Municipality	-	454 935
Debtor: Federal Air Lines	-	15 190
Debtor: BAC Helicopter	-	4 598
Debtor: KZN Aviation	-	3 010
Debtor: Abogreen Farm	-	2 359
Debtor: Vriendship Boredey	-	158 825
Debtor: Pongola Municipality	-	284 062
Debtor: ZIM Ngwenya	347	-
Bursary debtors	6 260	-
Debtor: ABSA Bank	7 604	-
Debtor: Water Affairs	-	-
Total	12 966 283	2 739 528
Adjusted for Correction of Error (Note 36)	-	4 146 683
	-	(4 598)
Total Other Debtors	12 966 283	4 141 465

5 INVENTORIES

Closing balance of inventories:

Consumable store & water stock	5 201 962	3 337 665
Fuel Stock	305 367,80	27 880
Total	5 507 329	3 365 545
Adjusted for Correction of Error (Note 36)	-	(80 190)
Total Inventory	5 507 329	3 285 355

6 PREPAYMENTS

Prepaid expenses	70 011	1 064 470
Federal Air deposit	689 920	689 920
	759 931	1 754 390

Pre-payments include Eskom electricity account with credit balances and deposit on aviation contract paid to Federal Air.

7 NON-CURRENT RECEIVABLES

Debtor: Eskom Deposits	5 218 301	3 118 844
Deposit: Property 165 President Str, Vryheid	6 044	6 044
Total	5 224 345	3 124 887

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

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

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

8 PROPERTY, PLANT AND EQUIPMENT

8 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Capital work in Progress	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R	R

as at 1 July 2014	470 000	33 409 277	1 181 455 841	14 898 440	813 181 437	-	28 576 778	-	2 052 991 773
Cost/Revaluation	470 000	43 476 034	1 382 104 989	14 933 380	813 181 437	-	52 015 213	-	2 306 181 053
Correction of error (note 48)	-	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	-	(220 649 148)	(34 940)	-	-	(22 438 435)	-	(253 189 280)
Accumulated depreciation and impairment losses	-	(10 066 757)	(220 649 148)	(34 940)	-	-	(22 438 435)	-	(253 189 280)
Impairment loss/Reversal of impairment loss	-	1 704 010	145 735 217	-	(150 137 610)	-	-	-	176 244
Transfers	-	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-	-
Acquisitions	-	-	177 921	-	-	-	3 723 379	-	3 901 300
Capital under Construction	-	-	-	-	229 443 701	-	-	-	229 443 701
Depreciation	-	(990 230)	(29 842 635)	(419 280)	-	-	(8 002 334)	-	(39 254 479)
Carrying value of disposals	-	-	(88 149)	-	-	-	(160 078)	-	(228 227)
Cost/Revaluation	-	-	(79 511)	-	-	-	(1 560 531)	-	(1 630 043)
Accumulated depreciation and impairment losses	-	-	11 363	-	-	-	1 390 453	-	1 401 816

as at 30 June 2015	470 000	34 123 056	1 277 458 186	14 479 160	892 487 528	-	28 012 372	-	2 247 030 312
Cost/Revaluation	470 000	45 180 044	1 527 938 615	14 933 380	892 487 528	-	57 062 687	-	2 538 072 255
Transfers	-	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	(11 056 989)	(250 480 420)	(454 220)	-	-	(29 050 315)	-	(291 041 942)

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

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

B. Reconciliation of Carrying Value									
	Land	Buildings	Infrastructure	Community	Capital work in Progress	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R	R

as at 1 July 2013	470 000	34 579 548	748 394 577	-	949 837 011	-	26 723 952	104 219	1 760 109 307
Cost/Revaluation	470 000	43 476 034	944 003 920	-	949 837 011	-	51 575 983	907 254	1 990 270 202
Correction of error (note 48)	-	-	-	-	-	-	(24 852 031)	(603 035)	-
Change in accounting policy (note 47)	-	(8 896 486)	(195 609 344)	-	-	-	(24 852 031)	(603 035)	(230 160 895)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Transfers	-	-	438 101 069	14 933 380	(453 034 449)	-	-	-	0
Acquisitions	-	-	-	-	-	-	7 082 987	-	7 082 987
Capital under Construction	-	-	-	-	316 378 874	-	-	-	316 378 874
Depreciation	-	(1 170 271)	(25 039 804)	(34 940)	-	(3 411 285)	(104 219)	-	(29 760 520)
Carrying value of disposals	-	-	-	-	-	-	(818 876)	-	(818 876)
Cost/Revaluation	-	-	-	-	-	-	(6 643 757)	-	(6 643 757)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	5 824 881	-	5 824 881

as at 30 June 2014	470 000	32 711 189	1 161 455 841	14 898 440	813 181 437	-	29 576 778	(0)	2 052 283 685
Cost/Revaluation	470 000	43 476 034	944 003 920	-	1 266 215 885	-	52 015 213	907 254	2 307 088 306
Correction of error (note 48)	-	-	-	-	-	-	-	-	(698 088)
Change in accounting policy (note 47)	-	(698 088)	-	-	(453 034 449)	-	(22 438 435)	(907 254)	(254 096 534)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	-
Transfers	-	-	438 101 069	14 933 380	(453 034 449)	-	-	-	0

**ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015**

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

	R	R	R	R	R
Art collections					
Stamp collections					
Collections of rare books or manuscripts					
Historical buildings					
Total					

as at 1 July 2014
Cost/Revaluation
Correction of error (note 48)
Change in accounting policy (note 47)
Accumulated depreciation and impairment losses

	1 151 452	-	-	-	-
	1 151 452	-	-	-	-
	1 151 452	-	-	-	-

Acquisitions
Capital under Construction

	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Carrying value of disposals
Cost/Revaluation
Impairment losses

	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

Impairment loss/Reversal of impairment loss
Transfers
Other movements*

	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

as at 30 June 2015
Cost/Revaluation
Transfers
Impairment losses

	1 151 452	-	-	-	-
	1 151 452	-	-	-	-
	1 151 452	-	-	-	-

Refer to Appendix C for more detail on Heritage Assets

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

9 Reconciliation of Carrying Value

Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
R	R	R	R	R

as at 1 July 2013
 Cost/Revaluation
 Correction of error (note 48)
 Change in accounting policy (note 47)
 Accumulated depreciation and impairment losses
 Acquisitions
 Capital under Construction
 Impairment loss/Reversal of impairment loss
 Transfers
 *Other movements
 as at 30 June 2014
 Cost/Revaluation
 Impairment losses

988 478	-	-	-	988 478
Cost/Revaluation	-	-	-	-
Correction of error (note 48)	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-
Acquisitions	-	-	-	-
Capital under Construction	162 974	-	-	162 974
Impairment loss/Reversal of impairment loss	-	-	-	-
Transfers	-	-	-	-
*Other movements	-	-	-	-
as at 30 June 2014	1 151 452	-	-	1 151 452
Cost/Revaluation	1 151 452	-	-	1 151 452
Impairment losses	-	-	-	-

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

Note

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
	R	R
as at 1 July 2014		
Cost	383 745	383 745
Accumulated amortisation and impairment losses	3 928 215 (3 544 470)	3 928 215 (3 544 470)
Acquisitions	471 325	471 325
Amortisation	(191 993)	(191 993)
Carrying value of disposals	-	-
Cost	(25 480)	(25 480)
Accumulated amortisation	25 480	25 480
as at 30 June 2015		
Cost	663 078	663 078
Accumulated amortisation and impairment losses	4 374 060 (3 710 983)	4 374 060 (3 710 983)

**ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2015**

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June - 1	Received during the period	Redeemed / written off during the period	Balance at 30 June	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
TOTAL EXTERNAL LOANS								
Total long-term loans								

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2016

11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Creditor previous year/ year end	-	33 721 197
Bank deposits not receipted	74 249	-
Binary debits	-	-
Creditor Control Account	34 081 676	380 826
Other Creditors	-	-
Rental deposit: Ethelwils	5 000	-
Rental deposit: Ais	2 832	-
Rental deposit: Weightless Group (Pty) Ltd	2 882	-
Rental deposit: Inbal Elegance Tourism	2 882	-
Stores and Materials	-	-
Retention	-	-
Water & Sanitation Debtors with Credit Balances	41 681 091	45 104 216
Total	1 009 129	1 613 597
Adjusted for Commission of Error (Note 38)	78 628 060	80 719 906
Total Rental related Creditors	-	(1 597 472)
	78 628 060	79 132 435

12 CONSUMER DEPOSITS

Water	3 328 844	3 327 865
Total consumer deposits	3 328 844	3 327 865

ZDM does not pay interest on deposits returned.

13 VAT RECEIVABLE

Vat	13 347 385	11 532 025
Year end Vat reclaimable	-	3 203 594
VAT Payable	(7 822 370)	(8 244 050)
Restated balance	5 524 998	6 491 569

Vat is accounted for on the payments in vat.

14

CURRENT PROVISIONS

Reconciliation of movement in Provision for Leave pay

Opening Balance	5 889 465	5 280 543
Provisions Raised	3 290 414	2 892 803
Amounts Used	(2 344 889)	(2 283 885)
Closing Balance	6 834 990	5 889 465

15

OTHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Unspent Conditional Grants from other spheres of government	-	558 370
Creditors Deceased Staff	4 444	4 444
Creditors TW Mitshawa	23 280	-
Creditors LE Storage	179 359	-
Total	207 123	562 814

17

OTHER FINANCIAL LIABILITIES

Rental deposits held	2 905	2 905
Deposit - EC	2 420	2 420
Deposit - WSSA	5 325	5 325

Rental deposits are held in terms of the signed rental agreement below in Letror and Letror.

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the yr. ended 30 June 2015

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SERVICE CHARGES

Sale of water	21 011 916	19 784 186
Sewerage and sanitation charges	6 535 251	7 134 058
Total Service Charges	29 548 179	26 918 225

19

RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	178 377	118 418
Total rentals	178 377	118 418

20

INTEREST EARNED - EXTERNAL INVESTMENTS

Current Account	858 839	887 425
Call Accounts	1 178 512	6 003 060
Total Interest	2 037 321	6 890 485

21

INTEREST EARNED - OUTSTANDING RECEIVABLES

Debtors	-	-
Total Interest	-	-

22

**REVENUE FROM NON-EXCHANGE TRANSACTIONS
 GOVERNMENT GRANTS AND SUBSIDIES**

DWAf - Bulk Infrastructure Grant	3 500 000	15 721 000
Equitable share	62 666 694	53 081 371
Expanded public works Programme	297 420 000	278 930 000
Finance Management Grant	2 466 000	2 942 000
Grant: Rural Electrification	1 250 000	1 250 000
Indonesia	-	4 500 000
Grant: Strategic Support	1 728 000	1 539 000
MMG Grant	345 802	-
MMWG	241 822 000	281 545 000
Municipal Systems Improvement Grant	38 205 000	37 170 000
Mesaification	834 000	880 000
P700 Strategic Corridor	2 167 000	5 886 715
Shared Services Planning	462 769	1 866 000
Umrifi Airport	-	2 275 613
Training of Councilors	-	6 469 025
Grants: ACP	1 017 483	200 000
Drought Relief Grant	4 443 747	644 437
TOTAL	659 449 094	673 040 161

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

22.1

Other Revenue from Non-Exchange

Tempering Fee	37 864	27 864
	<u>37 864</u>	<u>27 864</u>

Equitable Share

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

MIG GRANT

Balance unspent at beginning of year

Current year receipts	241 622 000	261 546 000
Conditions met - transferred to revenue	(241 622 000)	(281 646 000)
Conditions still to be met - remain liabilities	-	-

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

Conditional Government Grants and Subsidies

Balance unspent at beginning of year	538 370	19 275 022
Current year receipts	657 873 241	660 323 508
Conditions met - transferred to revenue	(658 431 611)	(673 040 160)
Conditions still to be met - remain liabilities	(19)	658 370

Changes in levels of government grants

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

23

OTHER REVENUE FROM EXCHANGE TRANSACTIONS

Merebeth entry fee	59 654	48 655
New connections-sewerage	20 531	10 437
New connections-water	76 015	66 020
Reconnection for 7-water	142 583	118 456
Sundry Income	110 862	161 402
Sale of Aviation fuel	231 183	595 313
Revenue from light tickets	2 349 350	438 881
Donations received	-	274 000
Discount Received	33 543	32 380
Indomax Hall Hire	702	2 000
Telephone expenses recovered	124 029	61 467
Skills Levy Refunds	264 653	268 845
Non-refundable tender deposit	288 707	413 880
TOTAL	3 781 241	2 537 754

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EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages	86 471 845	87 650 785
Employee related costs - Contributions for UIF, pensions and medical aids	23 312 205	20 037 178
Travel, motor car, accommodation, subsistence and other allowances	7 186 461	7 648 273
Housing benefits and allowances	823 139	662 364
Overtime payments	6 067 646	8 230 356
Other employee related costs	5 164 315	4 641 754
TOTAL EMPLOYEE RELATED COSTS	144 055 609	128 870 712

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	R	R
Remuneration of the Municipal Manager		
Annual Remuneration	540 000	540 000
Performance- and other bonuses	174 778	138 524
Travel, motor car, accommodation, subsistence and other allowances	821 028	795 096
Contributions to UIF, Medical and Pension Funds	88 590	61 115
TOTAL	1 602 443	1 444 735

Remuneration of the Chief Finance Officer		
Annual Remuneration	360 000	360 000
Performance- and other bonuses	124 535	106 015
Travel, motor car, accommodation, subsistence and other allowances	742 818	653 452
Contributions to UIF, Medical and Pension Funds	71 004	52 200
TOTAL	1 298 358	1 171 637

	Planning	Technical Services	Corporate Services	Community Services
	R	R	R	R
Remuneration of Individual Executive Directors				
Annual Remuneration	360 000	360 000	360 000	360 000
Performance- and other bonuses	113 213	101 862	101 862	101 862
Travel, motor car, accommodation, subsistence and other allowances	792 019	775 947	802 781	799 655
Contributions to UIF, Medical and Pension Funds	37 802	26 077	42 248	20 552
Total	1 203 034	1 263 886	1 306 891	1 282 079

	Community	Technical Services	Corporate Services	Planning
	R	R	R	R
Remuneration of Councilors				
Annual Remuneration	360 000	360 000	360 000	360 000
Performance- and other bonuses	86 832	-	90 113	68 632
Travel, motor car, accommodation, subsistence and other allowances	677 102	634 428	717 881	678 522
Contributions to UIF, Medical and Pension Funds	35 067	18 721	55 865	21 355
Total	1 158 121	1 000 150	1 223 759	1 144 810

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REMUNERATION OF COUNCILLORS

	R	R
Mayor	746 028.00	703 601
Deputy Mayor	373 014.00	351 900
Speaker	663 822.00	583 040
Executive Committee Members	2 238 088.00	2 111 404
Councillors' pension and medical aid contributions	457 650	319 037
Total Councillors' Remuneration	1 852 732	1 742 179
In-kind Benefits	6 221 325	6 191 361

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

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

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

26.1	DEPRECIATION AND AMORTISATION EXPENSE		
	Property, plant and equipment	(38 887 662)	(28 508 576)
	Intangible assets	(191 993)	(191 993)
	Total Depreciation and Amortisation	(39 079 655)	(28 700 571)
26.2	REPAIRS AND MAINTENANCE		
	Repairs and maintenance: Building	2 737 204	1 543 046
	Repairs and maintenance: Computers	63 738	111 500
	Repairs and maintenance: Furniture and equipments	16 359	39 257
	Operations and maintenance of water schemes	21 227 395	34 758 288
	Refurbishment and maintenance - water schemes	12 307 589	7 136 525
	Repairs and maintenance: Vehicles	4 752 549	3 502 528
	Total	41 115 042	47 091 136
27	FINANCE COSTS		
	Borrowings	-	-
	Total Finance Costs	-	-
28	BULK WATER PURIFICATION AND SEWER TREATMENT		
	Electricity	31 719 265	32 715 059
	Water	3 217 807	2 787 110
	Total Bulk Purchase	35 937 072	35 502 169
29	CONTRACTED SERVICES		
	Contracted services for:		
	Security Services	10 343 890	10 080 900
	Water recycling Services	67 283	166 725
	Cleaning Services	2 295 683	2 692 414
	Internal Audit Services	2 155 123	1 038 672
	Retained total	14 862 981	13 978 711
30	GRANTS AND SUBSIDIES PAID		
	Abaqulus Municipality	50 000	50 000
	Nongoma Municipality	50 000	50 000
	Pongola Municipality	50 000	50 000
	Ulundi Municipality	50 000	50 000
	Bedfordside Route	-	80 000
	Zululand Bridging Route	-	80 000
	Water Services Provider Grant (Abaqulus)	-	1 509 239
	Total	200 000	1 829 239
	These grants exempt a Tourism Grants to Local Municipalities, other tourism institutions and a Water Services Provider Grant to Abaqulus Municipality		
31	GENERAL EXPENSES		
	Included in general expenses are the following:-		
	Advertising	332 518	217 906
	Audit fees	2 238 721	1 963 615
	Bank charges	273 368	163 949
	Conferences and delegations	50 852	49 005
	Entertainment	470 810	413 050
	Fuel and oil	7 612 273	9 767 953
	Insurance	665 536	1 151 275
	Membership fees	1 259 690	1 257 632
	License fees (Vehicle)	423 010	479 316
	License fees - Other	70 278	-
	Print Control	144 854	-
	Postage	267 689	406 628
	Printing and stationery	574 922	583 351
	Professional fees	6 611 773	7 023 058
	Rentals of buildings	180 795	192 770
	Rentals of office equipment	768 894	1 084 605
	Other rentals	380 214	148 526
	Skills development fees	1 363 308	1 243 594
	Stocks and material	267 805	258 692
	Telephone cost	2 256 617	1 917 815
	Training	1 707 237	1 706 481
	Community & social expenditure	102 123 163	111 958 475
	Travel and subsistence	8 528 164	8 138 084
	Uniforms & covers	708 856	684 167
	Grant/ Projects expenditure	64 028 980	80 883 134
	Total	204 718 127	212 653 951

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

32

GAIN ON SALE OF ASSETS

Property, plant and equipment:	167 119	23 291
Total	167 119	23 291

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CASH GENERATED BY OPERATIONS

Surplus for the year	155 676 422	188 725 936
Adjustment for:-		
Depreciation and amortisation	38 069 925	28 700 571
Gain on sale of assets	(167 119)	(23 291)
Interest - investments	(2 037 921)	(6 930 495)
Operating surplus before working capital changes:	162 763 307	211 622 791
Working Capital	(17 094 754)	9 375 020
(Increase)/decrease in trade and other receivables from exchange transactions	(4 311 645)	(622 540)
(Increase)/decrease in other receivables from non-exchange transactions	(8 814 706)	325 874
(Increase)/decrease in current provisions	945 425	588 913
(Increase)/decrease in prepayments	954 459	170 250
(Increase)/decrease in VAT receivable	1 116 632	12 427 948
(Increase)/decrease in VAT payable	-	-
(Increase)/decrease in inventory	(2 221 779)	(14 543)
(Increase)/decrease in non-current receivables	(2 079 467)	884 282
Increase/(decrease) in trade and other payables from exchange transactions	(2 304 345)	8 558 369
Increase/(decrease) in consumer deposits	101 878	9 424
Increase/(decrease) in current taxes	-	(62 712)
Increase/(decrease) in trade and other payables from non-exchange transactions	(355 692)	(12 891 337)
Increase/(decrease) in other trade and other receivables from exchange transactions	(145 518)	(24 907)
Cash generated by/used in operations	175 568 553	220 801 752

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

Cash receipts from consumers, government and other	703 034 870	709 800 705
Total revenue per statement of financial performance		
Adjusted for items disclosed separately		
Interest received	(2 037 921)	(6 990 469)
Financial (de)recovered	1 067 113	1 000 000
Adjusted for working capital	(45 581 159)	13 365 027
(Increase)/decrease in trade and other receivables from exchange transactions	(4 311 645)	(622 540)
(Increase)/decrease in other receivables from non-exchange transactions	(8 814 780)	325 874
(Increase)/decrease in current provisions	845 425	538 819
(Increase)/decrease in VAT receivable	1 116 602	12 427 946
(Increase)/decrease in inventory	(2 221 776)	(14 643)
(Increase)/decrease in non-current receivables	(2 067 457)	884 282
(Increase)/decrease in other trade and other receivables from exchange transactions	(145 516)	(24 907)
Cash receipts from consumers, government and other	656 553 006	716 995 246

Cash paid to employees, suppliers and other		
Total expense as per statement of financial performance	(546 420 779)	(621 693 061)
Adjusted for non-cash items:		
Depreciation	39 088 925	29 700 571
Adjusted for items disclosed separately	39 088 925	29 700 571
Finance Costs		

Adjusted for working capital	(1 563 598)	(5 868 006)
(Increase)/decrease in prepayments	574 459	170 250
(Increase)/decrease in trade and other payables from exchange transactions	(9 304 345)	8 658 399
(Increase)/decrease in trade and other payables from non-exchange transactions	(315 682)	(12 661 337)
(Increase)/decrease in consumer deposits	101 978	9 424
(Increase)/decrease in current taxes and transfers payable (non-exchange)	-	(62 712)
(Increase)/decrease in other current liabilities	-	-
(Increase)/decrease in other current liabilities	-	-

	(510 634 453)	(466 163 486)
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34 Cash paid to employees, suppliers and other

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	8 000	-
Bank overdrafts	(45 488 859)	(5 467 352)
Net cash and cash equivalents (net of bank overdrafts)	(44 488 859)	(5 469 352)

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

35.1 Contributions to organised local government

Opening balance		
Membership Fees	1 257 632	1 257 632
Amount paid - current	(1 257 632)	(1 257 632)
Amount paid - previous years		
Balance unpaid (included in payable)		

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

	R	R
--	---	---

35.2

Audit fees

Opening balance	2 330 721	1 943 915
Current year audit fee	-	-
Amount paid - current year	(2 330 721)	(1 943 915)
Balance unpaid (included in payables)	-	-

35.3

PAYE and UIF

Opening balance	21 085 420	19 633 575
Current year payroll deductions	-	-
Amount paid - current year	(21 085 420)	(19 633 575)
Balance unpaid (included in payables)	-	-

35.4

Medical and Pension Contributions

Opening balance	30 169 246	25 639 210
Current year payroll deductions and Council Contributions	-	-
Amount paid - current year	(30 169 246)	(25 639 210)
Balance unpaid (included in payables)	-	-

35.5 The following Councilors had arrears accounts outstanding as at 30 June 2015:

	R	R
as at 30 June 2015		
Cllr T B Luthele	78	-
Cllr PATN Buhlezi	231	8 645
Cllr I A Mkhetha	93	-
Cllr B J Mncwango	201	790
Cllr T K Mkhize	380	950
Cllr K E Ncumalo	164	41 234
Total Councilor Arrear Consumer Accounts	1 105	51 620
as at 30 June 2014		
Cllr T B Luthele	2 329	32 124
Cllr PATN Buhlezi	205	3 688
Cllr I A Mkhetha	278	2 501
Cllr B J Mncwango	1 586	10 223
Cllr T K Mkhize	195	522
Cllr K E Ncumalo	1 206	38 454
Total Councilor Arrear Consumer Accounts	5 800	85 490

Outstanding less Outstanding more
 than 30 days than 90 days

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	R	ZAR	II
Water losses averaged 7.6% during the year	7 514 915		6 846 289

35.6

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

35.7

Irregular Expenditure			
Reconciliation of irregular expenditure			
Opening balance	88 750		12 880 985
Irregular expenditure incurred during the year	59 449		88 750
Report on Deviations Incurred	-		-
Irregular expenditure condoned or written-off by council	(98 789)		(12 880 985)
Irregular expenditure awaiting condonement	49 400		13 750

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the institution. This is due to the members making misrepresentations on the Municipal Bidding Documentation (MBO) 41 form which is offered to the members from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. As regards to the election that can be instituted has been obtained. However, the municipality does not have access to the debarring process. The members and donor (assembly) be expected to know all government employees. As a result, the declarations by members of the council or companies are considered subjective. In June 2012 the municipality procured the services of a company that verifies the state of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8

Unauthorized expenditures			
Reconciliation of unauthorized expenditure			
Opening balance	-		-
Unauthorised incurred during the year	-		-
Unauthorised incurred condoned or written-off by council	-		-
Unauthorised awaiting condonement	-		-

35.9

Fruitless and Wasteful expenditures			
Reconciliation of fruitless and wasteful expenditure			
Opening balance	41 189		42 815
Fruitless and wasteful incurred during the year	66 975		78 205
Fruitless and wasteful condoned or written-off by council	(84 989)		(79 821)
Fruitless and wasteful awaiting condonement	12 185		41 193

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

35.10

Report on Approved Deviations			
Reconciliation of approved deviations			
Opening balance	-		-
Deviations incurred during the year	25 036 287		47 370 587
Deviations reported to council	(5 036 287)		(47 370 587)
Deviations awaiting reporting to council	-		-

Compliance with Municipal Supply Chain Management Regulations, paragraph 36.

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for		
Infrastructure	237 677 632	228 717 126
Community	238 716 616	225 692 746
Other	689 535	2 893 758
	371 201	220 622
- Approved but not yet contracted for		
Community	286 399 675	128 614 254
Heritage	-	-
Other	5 648 000	17 613 000
Infrastructure	263 461 675	111 301 254
Total	526 967 508	357 631 360

The expenditure will be financed from:

- Own Revenue	6 808 616	20 637 360
- Government Grants	520 178 891	336 994 000
Total	526 987 507	357 631 360

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

	2014	2013	2012	2011	R
--	------	------	------	------	---

37

OPERATING LEASES

All the reporting date this entity has outstanding commitments under operating leases which fall due as follows:

	2015	2014	2013	2012	R
Operating leases - Finance					
Within one year	81 287	132 059			
In the second to fifth year inclusive	77 527	223 512			
After five years					
Total	<u>158 814</u>	<u>355 571</u>			

Total future minimum payments payment expected to be received under non-cancelable sublease

Related party balances

Loan accounts - Owing (to) by related parties

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015



38

CORRECTION OF PRIOR PERIOD ERROR

Add: Correction of errors at 30 June 2013 and prior periods	
Nature of error	
Reversal of R0D receipt suspense account (JNL E275)	
Reversal of JNL No. A077 from WIP to Correction of Error vats (E0170)	
Correction of interest account (JNL A063)	
JNL E285	
Reversal of JNL no. A056	
Flight tickets revenue	
Fuel Air Expenditure	
Capitalisation of work-in-progress and recognition of year-end receipts (JNL E226)	
Recognition of input VAT that was not claimed during 12/13 financial year (JNL E0197)	
Correction of VAT on 2013 debtors balances before calculating provision for impairment (JNL A053)	
Correction of depreciation (L A054)	
Correction of error (L)	(145 647)
Correction of error (L)	(177 594)
Correction of error (L)	(288 685)
Recognition of retention (L A056)	1 597 479
Rerolled Balance at 30 June 2013	<u>977 592</u>

ZULULAND DISTRICT MUNICIPALITY
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 June 2015

	R	ZAR
Re-allocation of income from sale of aviation fuel (JLE071)	(4 558)	
Stock written-off for 2013/14 financial year (JLE062)	(81 346)	
Stock written-off for 2013/14 financial year (JLE062)	1 155	
Recognition of revaluation (JLA058)	-	
Correction of depreciation (JLA064)	[18 206]	
Correction of error (JL)	[22 157]	
Correction of error (JL)	(87 777)	
Flight tickets revenue		
Feed A/E Expenditure		
Capitalisation of work-in-progress and recognition of year-end receipts (ANL E008)		
Recognition of input VAT that was not claimed during 12/13 financial year (ANL E0187)		
Recognition of VAT on 2013 debtors balance before establishing provision for impairment (AN A053)		
Revised Balance at 30 June 2014		(172 970)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

NET EFFECT OF PRIOR PERIOD ERRORS:	
Increase creditors	(4 598)
Decrease In Retention	(61 345)
Increase in debtors (VAT Receivables)	1 155
Decrease in other debtors from non-exchange transactions	(22 189)
Decrease in Inventory	(177 594)
Increase in Inventory	(47 777)
Increase in accumulated depreciation	(286 865)
Increase in accumulated depreciation	(619 023)
NET EFFECT	

39

EMPLOYEE BENEFITS	
Pension Benefits	10 318 028
Council's share of contributions to retirement benefit funds were	11 974 821

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

Post retirement benefits	-
Post retirement benefits	15 733 000

Employees of the municipality does enjoy post retirement medical benefits and the municipality has a legal or constructive obligation in this regard.

40

CONTINGENT LIABILITIES	
Contingent liabilities comprises of:	
2015	2 186 645

2 186 645

Claim for damages
The Municipality is being sued by a plaintiff for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

178 532

126 611

Claims for damages
The Municipality is being sued by a plaintiff out of the Magistrate's Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

1 539 248

Claims for damages
The Municipality is being sued by a plaintiff out of the High Court for alleged unlawful cancelling of a contract. The municipality is defending the matter and filed a plea and a special plea in terms of which it disputes the validity of the claim.

180 213

Claims for damages
#####

35 200

Claims for damages
#####

114 640

Claims for damages
The Municipality is being sued by a plaintiff out of the Magistrate's Court for alleged breach of contract.

1 611 293

2014

1 539 248

Claim for damages
The Municipality is being sued by service provider arising from the council terminating the services for non-performance in terms of the contract. The Council is contesting the claim based on the legal advice. A court date has not been set.

72 045

Claim for damages
#####

Cashie alle disputes
#####

41

CONTINGENT ASSET	
Contingent assets comprises of:	
2015	2 083 668

2 083 668

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

9.

Pending Notice of Objection to SARS
VAT refund for the October 2014 tax period is in dispute. The amount of contingent asset is measured reliably

689 472
1 384 420

Stolen cheques
#*****#

2 831 539

2014
Stolen cheques
#*****#

2 461 559

Pending Forensic Investigation
Forensic investigation is pending. The amount of contingent asset is determined reliably.

350 000

FINANCIAL LOSS RECOVERED (Fraudulent Transactions)

Financial Loss Recovery from the Insurer	1 000 000
Total	1 000 000

Financial Loss recovered from Insurers associated with stolen cheques.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS.

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

44 CHANGE OF ACCOUNTING ESTIMATES

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

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

Pre-change of estimate	Post-change of estimate	Net effect
-	61 823	61 893

45 CAPITAL RISK MANAGEMENT

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

46 GEARING RATIO

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

47 FINANCIAL RISK MANAGEMENT

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

48 LIQUIDITY RISK

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

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

49 TRANSFER TO/FROM ACCUMULATED SURPLUS

Motor vehicle
This consignment vehicle donated by KZN Department of Health to the municipality.

	2015	2014
	517 795	

50 BAD DEBTS

Bad debts
Council has taken a resolution to write off/irrecoverable debts.

	2015	2014
	8 246 053	

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2015

	Cost/Revaluation				Accumulated Depreciation								
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment/loss/Reversal of	Closing Balance	Transfers	Other movements	Carrying Value
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	43 476 034	-	-	-	(10 086 757)	(990 230)	-	-	-	(11 056 988)	1 704 010	-	34 123 056
Infrastructure	637 986 573	177 921	(79 511)	-	(137 503 364)	(29 842 635)	11 363	-	(167 334 636)	145 735 217	-	-	616 485 563
Water & Sewerage Inst	744 118 416	-	-	-	(83 145 783)	-	-	-	(83 145 783)	-	-	-	660 972 633
Water & Sewerage Pipes	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Work in Progress	813 181 437	229 443 701	-	-	-	-	-	-	-	-	-150 137 610	-	892 487 528
Community Assets	14 933 380	-	-	-	(34 940)	(419 280)	-	-	-	(454 220)	-	-	14 479 160
Recreation Grounds	14 933 380	-	-	-	(34 940)	(419 280)	-	-	-	(454 220)	-	-	14 479 160
Total carried forward	2 254 165 839	177 921	(79 511)	229 443 701	2 483 707 950	(230 750 845)	(31 252 145)	11 363	(261 991 627)	(2 698 383)	-	-	2 219 017 940

**APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2015**

	Cost / Revaluation					Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total brought forward	2 254 165 839	177 921	(79 511)	229 443 701	2 483 707 950	(230 750 845)	(31 252 145)	11 363	-	(261 991 627)
Other Assets	1 067 066	12 500	(11 444)		1 068 122	(321 336)	(273 097)	11 444	(582 989)	2 106 537
Office Equipment	980 170	622 307			1 602 477	(358 468)	(192 599)	387	(550 681)	1 051 796
Furniture & Fittings	153 746				153 746	(100 771)	(18 614)		(119 384)	34 361
Emergency Equipment	42 277 603	2 343 396	(1 537 305)		43 083 696	(18 658 005)	(5 934 765)	1 376 841	(23 215 929)	20 505 552
Motor vehicles	4 414 476	623 484	(1 782)		5 036 177	(2 096 569)	(633 902)	1 762	(2 668 689)	2 167 499
Computer Equipment	3 122 152	121 690			3 243 843	(963 287)	(749 357)		(1 712 644)	1 661 504
Other Assets	52 015 213	3 723 379	(1 550 531)		54 188 060	(22 436 435)	(8 002 334)	1 390 453	(29 050 315)	2 874 627
Finance Lease Assets	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-
Total	2 306 161 053	3 901 300	(1 630 043)	229 443 701	2 537 896 010	(253 189 280)	(39 254 479)	1 401 816	-	(291 041 942)
										176 244
										2 247 030 312

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

Cost / Revaluation	Accumulated Depreciation							Closing Balance	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation				
R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
470 000	470 000	-	-	-	-	-	-	-	-	-	470 000
470 000	470 000	-	-	-	-	-	-	-	-	-	470 000
Buildings	43 476 034	-	-	-	43 476 034	(8 896 486)	(1 170 271)	-	-	-	33 409 277
Infrastructure	477 457 336	477 457 336	(124 149 619)	(13 353 746)	(137 503 364)	(71 459 725)	(1 686 058)	(83 145 783)	160 529 237	277 571 832	500 483 208
Water & Sewerage Inst	466 546 584	466 546 584	(71 459 725)	(11 686 058)	(83 145 783)	-	-	-	-	-	660 972 633
Water & Sewerage Pipes	944 003 920	-	(195 609 344)	(25 039 804)	(220 649 148)	-	-	-	438 101 069	-	1 161 458 841
Capital Work In Progress	949 837 011	949 837 011	-	-	-	-	-	-	(453 034 449)	-	813 181 437
Community Assets	949 837 011	316 378 874	1 266 215 885	-	-	-	-	-	(453 034 449)	-	813 181 437
Recreation Grounds	-	-	-	-	(34 940)	-	-	-	-	-	14 898 440
Total carried forward	1 937 786 985	316 378 874	2 254 165 839	(204 505 830)	(26 245 015)	-	-	(230 758 845)	0	-	2 023 414 995

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

Cost / Revaluation											Accumulated Depreciation				
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment	Closing Balance	Transfers	Other movements	Carrying Value		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000		
Total brought forward	1 937 786 965	-	-	316 378 874	2 254 165 839	(204 505 830)	(26 245 015)	-	-	(230 750 845)	0	0	2 023 414 995		
Other Assets	1 451 210	188 729	(572 873)	-	1 067 066	(1 239 267)	411 076	508 856	(321 336)	(358 468)	-	-	745 730		
Office Equipment	899 422	259 720	(178 972)	-	980 170	(484 356)	(42 203)	168 091	-	(358 468)	-	-	621 702		
Furniture & Fixings	139 476	14 270	-	-	153 746	(84 656)	(16 115)	-	(100 771)	-	-	-	52 976		
Emergency Equipment	39 998 752	5 743 430	(3 464 579)	-	42 277 603	(17 986 853)	(3 469 494)	2 798 343	(18 658 005)	-	-	-	23 619 599		
Motor vehicles	2 853 185	360 350	(91 383)	-	3 122 152	(755 711)	(294 153)	86 577	(963 287)	-	-	-	2 158 866		
Other Assets	6 233 939	516 488	(2 335 951)	-	4 414 476	(4 301 187)	(396)	2 285 014	(2 036 569)	-	-	-	2 377 907		
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-		
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Refuse tanks	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-		
Finance Lease Assets	51 575 983	7 082 987	(6 643 757)	-	52 015 213	(24 852 031)	(3 411 285)	5 824 881	(22 438 435)	-	-	-	29 576 778		
Office Equipment	907 254	-	-	-	907 254	(803 035)	(104 219)	-	(907 254)	-	-	-	(0)		
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-		
Total	1 990 270 202	7 082 987	(6 643 757)	316 378 874	2 307 088 306	(230 160 895)	(29 760 520)	5 824 881	(254 096 534)	-	0	-	2 052 991 772		

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2015

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

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June -1

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

ZULULAND DISTRICT MUNICIPALITY
 APPENDIX D
 SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
 for the year ended 30 June 2015

	Cost / Revaluation						Accumulated Depreciation					
	Opening Balance	Additions	Disposals	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Other movements	Carrying value
Executive & Council	43 946 034	-	-	(1 537 305)	43 946 034	(10 066 757)	(980 230)	(11 056 988)	-	(11 056 988)	-	32 889 046
Finance & Admin	48 739 315	3 589 188	-	50 791 198	50 791 198	(21 374 377)	(7 234 364)	1 377 227	(27 231 514)	637 785	-	24 197 469
Planning & Development	3 122 152	121 690	-	-	3 243 843	(963 287)	(749 357)	-	(1 712 644)	-	-	1 531 199
Health	-	-	-	-	-	-	-	-	-	-	-	-
Community & Social Services	14 933 380	-	-	-	14 933 380	(34 940)	(419 280)	-	(454 220)	-	-	14 479 160
Public Safety	153 746	-	-	-	153 746	(100 771)	(18 614)	-	(119 384)	-	-	34 361
Water	2 195 286 425	177 921	229 443 701	(79 511)	2 424 828 536	(220 649 148)	(29 842 635)	11 363	(250 480 420)	-	-	2 174 348 116
Other	2 306 181 053	3 888 800	229 443 701	(1 616 817)	2 537 886 736	(253 189 280)	(39 254 479)	1 368 590	(291 055 168)	637 785	-	2 247 479 353
Total												

ZULULAND DISTRICT MUNICIPALITY

APPENDIX E

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2015

	2014	2014	2015	2015	2015
	Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure
	R	R	R	R	R
	288 836 948	53 149 349	(53 149 349) Executive & Council	-	44 670 776.74
	9 531 613	35 258 091	253 578 857 Finance & Admin	304 813 312	35 808 723.02
	8 338 025	16 768 522	(7 236 910) Planning & Development	3 909 370	17 215 935.20
	403 889 547	88 396 884	(80 058 859) Community & Social Services	1 729 000	114 120 051.00
		328 304 576	75 584 971 Water & Sanitation	385 088 903	327 846 676.68
710 596 133	521 877 423	188 718 711	695 540 585	539 662 163	155 878 422



APPENDIX F
ZULULAND DISTRICT MUNICIPALITY

Grants Revenue and Expenditure Quarterly Report in terms of §123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2014/2015	Adjustments	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2014/2015	Financial statements	Grants and Subsidies delayed / withheld	Reason for delay / withholding of funds	Did your municipality comply with the grant compliance Revenue Act
				July	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
Bank Implementation Grant	DMF	8 505 887,90	12 669 234,67	20 326 448,60	21 466 943,64	62 614 494	12 166 256	14 428 098	18 310 887	19 911 466,90	62 664 494	19 911 466,90	0	-	-	-	-	YES
Equitable Share	National Treasury	117 728 000,00	89 140 000,00	89 140 000,00	80 562 000,00	287 430 000	117 728 000,00	83 140 000	80 562 000	287 430 000	287 430 000	287 430 000	0	-	-	-	-	YES
RURAL TRANSFERT	KZN COGTA	1 260 000,00	-	-	-	1 260 000	1 260 000	112 120	470 720	1 260 000	1 260 000	1 260 000	0	-	-	-	-	YES
CLASSIFICATION PROJECT	KZN COGTA	2 167 000,00	-	-	-	2 167 000	2 167 000	163 832,00	856 100	957 929	2 167 000	2 167 000	0	-	-	-	-	YES
Art & Culture	DMF	864 500,00	134 500,00	1 729 000	1 729 000	1 729 000	1 729 000	449 778	-	1 729 000	1 729 000	1 729 000	0	-	-	-	-	YES
DMA Operating & Maintenance (Water service operating subsidy)	DMF	864 500,00	876 000,00	1 760 000,00	876 000,00	3 500 000	1 366 662,00	2 104 048	40 663 827	60 463 076	241 622 000	241 622 000	0	-	-	-	-	YES
COGTA	COGTA	894 000,00	-	-	-	894 000	-	-	121 549	812 467	934 000	934 000	0	-	-	-	-	YES
HOUSEHOLD INFRASTRUCTURE GRANT	None/municipality	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	YES
Land Tourism Fund	KZN COGTA	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	YES
Land Development Summit	National Treasury	9 601 000,00	19 603 000,00	9 601 000,00	3 407 862,00	39 206 000	3 407 862,00	6 664 000	12 003 667	18 138 801	39 206 000	39 206 000	0	-	-	-	-	YES
Expanded Public Works Programme	Dept of Works	964 000,00	746 000,00	746 000,00	746 000,00	2 466 000	2 466 000	1 967 167,00	916 633	1 966 800	2 466 000	2 466 000	0	-	-	-	-	YES
Land Airport	KZN COGTA	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	YES
Water services Financing	DMF	250 000,00	-	-	-	442 768	442 768	250 000	-	212 768	442 768	442 768	0	-	-	-	-	YES
ACPF	DMF	-	-	-	-	4 443 747	4 443 747	-	-	4 443 747	4 443 747	4 443 747	0	-	-	-	-	YES
Doughnut grant	DMF	-	-	-	-	4 443 747	4 443 747	-	-	4 443 747	4 443 747	4 443 747	0	-	-	-	-	YES
TOTAL						4 443 747	4 443 747	189 202,01	1 967 446	2 654 611	11 284 611	11 284 611	0	-	-	-	-	YES



APPENDIX F
ZULULAND DISTRICT MUNICIPALITY

Grants Revenue and Expenditure Quarterly Report in terms of §123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2012/2013	Adjustments	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2013/2014	Financial statements	Grants and Subsidies delayed / withheld	Reason for delay / withholding of funds	Did your municipality comply with the grant compliance Revenue Act
				July	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June						
Bank Implementation Grant	DMF	6 888 750,08	6 022 948,82	23 619 431,41	6 589 240	53 061 371	8 226 118,36	14 763 046	30 031 207	63 201 371	63 201 371	63 201 371	0	-	-	-	-	YES
Equitable Share	National Treasury	116 387 000,00	82 310 000,00	82 310 000,00	276 893 000	116 387 000,00	116 387 000,00	82 310 000	82 310 000	276 893 000	276 893 000	276 893 000	0	-	-	-	-	YES
RURAL TRANSFERT	KZN COGTA	1 260 000,00	1 643 000,00	1 643 000,00	1 260 000	1 643 000	1 260 000	604 277	689 917	1 260 000	1 260 000	1 260 000	0	-	-	-	-	YES
CLASSIFICATION PROJECT	KZN COGTA	5 636 716	819 600,00	819 600,00	6 356 316	1 482 285	1 482 285	432 983	2 467 202	5 636 716	5 636 716	5 636 716	0	-	-	-	-	YES
Art & Culture	DMF	819 600,00	819 600,00	819 600,00	819 600,00	1 639 000	1 639 000	407 626	689 917	1 639 000	1 639 000	1 639 000	0	-	-	-	-	YES
DMA Operating & Maintenance (Water service operating subsidy)	DMF	2 648 000,00	1 932 000,00	1 932 000,00	8 547 000,00	16 721 000	3 267 436,24	1 226 669	16 721 000	2 906 669	16 721 000	16 721 000	0	-	-	-	-	YES
COGTA	COGTA	121 432 000,00	103 432 000,00	36 631 000,00	261 646 000	104 462 791,00	56 503 787	79 883 888	24 814 423	24 814 423	261 646 000	261 646 000	0	-	-	-	-	YES
HOUSEHOLD INFRASTRUCTURE GRANT	None/municipality	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	YES
Land Tourism Fund	KZN COGTA	-	-	-	-	-	-	-	-	-	-	-	0	-	-	-	-	YES
Land Development Summit	National Treasury	3 645 000,00	19 884 000,00	19 884 000,00	37 170 000,00	37 170 000	7 486 623	13 067 061	19 636 518	37 170 000	37 170 000	37 170 000	0	-	-	-	-	YES
Expanded Public Works Programme	Dept of Works	1 177 000,00	633 000,00	633 000,00	2 942 000	2 942 000	1 830 812	2 086 648	2 942 000	2 942 000	2 942 000	2 942 000	0	-	-	-	-	YES
Land Airport	KZN COGTA	6 238 878	584 682	-	2 462 051,71	8 468 026	793 254,74	3 466 321	189 400	6 468 026	6 468 026	6 468 026	0	-	-	-	-	YES
Water services Financing	DMF	584 682	1 803 918 51	-	47 778	644 436	383 491,78	568 808	563 903	2 276 613	2 276 613	2 276 613	0	-	-	-	-	YES
ACPF	DMF	200 000	-	-	-	200 000	-	-	-	200 000	200 000	200 000	0	-	-	-	-	YES
CILRS Training	DMF	200 000	-	-	-	200 000	-	-	-	200 000	200 000	200 000	0	-	-	-	-	YES
TOTAL						4 443 747	4 443 747	189 202,01	1 967 446	2 654 611	11 284 611	11 284 611	0	-	-	-	-	YES

	1	2	3	4	5	6	7	8	9	
Financial Performance										
Service Charges	29 297 000.00			29 297 000.00	20 948 179.39			102.22	102.22	Service charges from Sewerage Removal was not budget for during 2014/15 budget.
Transfers received - operational	312 940 000.00	469 000.00		313 432 000.00	658 448 093.73			210.67	210.66	Due to the appropriation of accumulated reserves used to finance the budget.
Other own revenue	190 310 000.00	(7 852 000.00)		182 458 000.00	94 861 826.61			8.16	7.83	
Total Revenue	592 634 000.00	(7 383 000.00)		585 251 000.00	794 253 994.70			321.05	321.03	
Employee costs	142 395 000.00			142 395 000.00	144 095 006.39			101.17	101.17	Savings were reallocated to staff in order for salaries movement budget.
Remuneration of councillors	6 467 000.00			6 467 000.00	8 221 335.45			80.20	80.20	Savings in allowances
Bad Debts					6 246 192.96					Based on actual debt investment
Depreciation	45 618 000.00			45 618 000.00	39 098 844.78			65.17	65.17	Other Assets are purchased at different times during the year and some have not expired as they are still in progress.
Repairs and Maintenance	68 867 000.00			68 867 000.00	41 115 242.01			69.70	69.70	Savings achieved
Employee benefits					15 733 000.00					No budget for employee benefits
Miscellaneous and Other Payments	84 135 000.00			84 135 000.00	74 106 426.45			67.41	67.41	provision for year expenditure and it was agreed that money will not be transferred
Transfers of grants	1 981 000.00			1 981 000.00	200 000.00			16.99	16.10	Rural sanitation budget is not allocated to operating budget since its capital in nature, but does not qualify to be an asset, that resulted in the expenditure being operating and included in the financial performance.
Other expenditure	173 857 000.00	(18 880 000.00)		157 177 000.00	219 579 907.55			139.70	139.30	
Total Expenditure	514 670 000.00	(16 098 000.00)		497 480 000.00	549 400 779.37					
Surplus / (Deficit)	18 014 000.00	9 487 000.00		27 505 000.00	155 876 422.33					
Transfers Received - capital	338 984 000.00	(7 000 000.00)		329 984 000.00	329 984 000.00			100.00	97.92	
Contributions Received										
Surplus/Deficit after capital transfer	355 008 000.00	2 487 000.00		357 495 000.00	485 872 422.33					
Capital Expenditure	355 008 000.00			357 421 000.00						
Transfers received - capital	338 984 000.00	(7 000 000.00)		329 984 000.00	329 984 000.00			100.00	87.92	
Internally Generated Funds	18 014 000.00	8 480 000.00		27 494 000.00	3 722 370.00			15.54	26.87	
Total Sources of capital funds	355 008 000.00	2 480 000.00		357 483 000.00	333 717 370.00			80.35	84.00	