



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

## General Information

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<b>Legal form of entity</b>	District Municipality
<b>Municipal demarcation code</b>	DC31
<b>Nature of business and principal activities</b>	Municipal services
<b>Mayoral committee</b>	
Executive Mayor	Ngwenya TD
Speaker	
Chief Whip	Letlaka TM (From 01 February 2015) Nkwanyana BA (Until 31 January 2015)
MMC's	Mdluli ZB (From 01 February 2015) Letlaka TM (Until 31 January 2015) Dikgale LJ Dube C Hlope NE Mafume AP Masombuka IM Radebe JF
Councillors	Amoraal G (From 01 July 2014) Bhamjee M Cronje RE (From 30 July 2014) Danisa M Du Toit E Hlumbane MB Jele EA Kabini SQ Legong TB Legong SM Louw JM (Until 12 June 2015) Deceased Mabuza BS Mahlangu JN Mahlangu BJ Maja SR Makhabane EN Maluleka MT Maseko BH (From 26 May 2015) Maseko CP Masilela TS Masina MAS Masuku MJ Mathibela SM Mdluli ZB (Until 30 January 2015) Mkhabela F Mlambo LN Mnguni MTE Mokhabela JT Mokoena LM Monareng KN Mosena MC (From 25 February 2015) Mothibi BM

# Nkangala District Municipality

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Msiza AS  
Msiza JN  
Mthimunye GT  
Mtsweni RQ  
Myakeni BS  
Ngwenya XS  
Niemann HF  
Nkosi NB  
Nkosi TL  
Nkosi MS  
Nkwanyana BA (From 01 February 2015)  
Ntuli D (Until 28 February 2015) Replaced  
Scheffer HJ (Until 30 May 2015) Resigned  
Shongwe SE  
Sibanyoni JM  
Sithole SF  
Tau JJ (From 26 May 2015)  
Tshabangu LM (From 26 February 2015)  
Van Der Berg EH  
Venter HJ  
Zondi ST (From 28 January 2015)

**Grading of local authority**

High Capacity

**Accounting Officer**

M M Skosana

**Chief Finance Officer (CFO)**

A L Stander

**Business address**

2A Walter Sisulu Street  
Middelburg  
1050

**Postal address**

P O Box 437  
Middelburg  
1050

**Bankers**

ABSA Bank Limited Middelburg

**Auditors**

Auditor-General of South Africa

**Contact details**

Telephone : +27 (13) 249 2000  
Fax : +27 (13) 249 2114

# Nkangala District Municipality

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### Abbreviations

GRAP	Generally Recognised Accounting Practice
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MMC	Members of the Mayrol Committee
DBSA	Development Bank of South Africa
INCA	Infrastructure Finance Corporation Limited

# Nkangala District Municipality

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## Accounting Officer's Responsibilities and Approval

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

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

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

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

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

I am responsible for the preparation of these annual financial statements, which are set out from pages 1 to 108, in terms of Section 126(1) of the Local Government: Municipal Financial Management Act and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councilors are disclosed in note 23 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 the public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act for the year ended 30 June 2015.

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**M M Skosana**  
**Municipal Manager**

# **Nkangala District Municipality**

Annual Financial Statements for the year ended 30 June 2015

## **Report of the Chief Financial Officer**

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### **1. Introduction**

The financial objective of the municipality is to secure sound and sustainable management of the financial affairs of the municipality and to assist the six local municipalities to be financially viable.

Critical areas for the district municipality and local municipalities amongst others include deterioration of audit outcomes, effective financial management, fully functional internal audit units and audit committees, high vacancy rate in key positions, declining growth in the Regional Services Council Replacement Grant, increase in operational expenditure, which negatively impacts on the allocations to municipalities.

Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

### 2. Review of operating results

#### Main business and operations

The 2014/15 budget of the Nkangala District Municipality was approved by Council on the 28th of May 2014. An adjustment budget was approved on the 25th of February 2015. herewith is commentary on the financial results.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2015			
2015 Budget		2015 R	2014 R Restated
<b>REVENUE</b>			
16 257 000	Revenue from exchange transactions	32 913 557	29 036 221
87 000	Rental of facilities and equipment	89 466	86 454
14 285 000	Interest earned - external investments	31 083 847	28 430 598
-	Interest earned - outstanding receivables	1 279 615	174
1 885 000	Other income	460 630	518 995
332 533 235	Revenue from non-exchange transactions	333 825 900	315 495 386
6 073 200	Income for agency services/ donars	6 089 974	60 000
326 460 035	Government grants and subsidies	325 966 366	313 592 000
	Other income	1 769 559	1 843 386
<b>348 790 235</b>	<b>Total revenue</b>	<b>366 739 457</b>	<b>344 531 606</b>
<b>EXPENDITURE</b>			
104 097 038	Employee related costs	73 261 494	55 900 067
16 577 770	Remuneration of councillors	12 691 037	11 598 147
8 623 900	Depreciation/ amortisation	7 910 269	8 312 338
10 031 870	Repairs and maintenance	8 132 246	4 094 422
5 082 107	Finance cost	4 490 939	5 446 678
193 678 603	Grants and subsidies paid	161 930 453	238 778 699
93 860 538	General expenses	66 881 992	86 641 928
<b>431 951 826</b>	<b>Total expenditure</b>	<b>335 298 431</b>	<b>410 772 279</b>
	Gains and losses on disposal of PPE	(29 578)	(6 941 589)
115 550	Gains and losses on actuarial valuations	1 380 924	(189 324)
<b>(83 277 141)</b>	<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	<b>32 792 372</b>	<b>(73 371 585)</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

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### 3. Revenue

The total revenue of the municipality increased from, R344,887 (2013/14) to R366,739 million and indicates a positive outcome over the R348,790 budgeted for the 2014/15 financial year.

Revenue from exchange transactions amounts to R32,914 million, whilst the revenue from non-exchange transactions amounts to R333,826 million of which the major portions is from government grants and subsidies. The municipality is highly dependent on the RSC Replacement Grant that shows a deterioration growth rate year on year.

Indicative allocations published in the Division of Revenue Act (DORA) point to an increase in the RSC Levy Replacement Grant.

The outlook for the next financial year is that the total revenue will increase compared to the year under review.

#### Government Grants and Subsidies

Government Grants and Subsidies increased by 3.95% from R313,592 million (2013/14) to R325,966 million (2014/15). Government Grants and Subsidies include the RSC Levy Replacement grant, the Equitable Share, Municipal System Improvement Grant, Financial Management Grant and the Expanded Public Works Programme Incentive Grant.

According to the accounting policies only the portion that has been expensed and meets the conditions of the grant are recognized as revenue.

#### Interest earned on external investments

Interest earned on external investments increased by 9.3% from R28,431 (2013/14) to R31,084 million (2014/15). This increase is attributed to the slow implementation of projects to local municipalities which resulted in additional surplus cash for investment and the marginal increase in interest rates on call deposits.

#### Income from Donors

Income from donors increased drastically from R60 thousand (2013/14) to R6,089 million (2014/15), which includes a major donation from Shanduka Mine of R5,563 million.

#### Interest earned on outstanding Receivables

Interest earned on outstanding receivables increased drastically from R0,174 (2013/14) to R1,280 million (2014/15), due to interest received from the South African Revenue Services (SARS) after a successful VAT audit.

#### Other Income

Other income from exchange transactions decreased by 11.25% from R0,519 million (2013/14) to R0,461 million (2014/15), which include discount received and the reversal of provision for performance bonuses.

Other income from non-exchange transactions decreased by 4.0% from R1,843 million (2013/14) to R1,770 million (2014/15), which include discount received.

### 4. Expenditure

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year, except for an arbitration award that was made in favour of the former municipal manager for R1, 560 million .

The total expenditure decreased from R410,772 million (2014/15) to R335,298 million (2014/15) compared to the budgeted operating expenditure of R431,952 (2014/15). Grants and subsidies to local municipalities are the main driver of the expenditure of the District

#### Employee related cost

Actual employee related costs increased from R55,900 (2013/14) to R73,261 million (2014/15). The 2013/14 financial year was decreased with the reversal of provision for performance bonuses to the amount of R7,301 million. Actual employee related costs are 70.38% of the budgeted employee related costs, which is due to the few vacancies which have not been filled in the year under review, the provision that was made for the implementation of the wage curve and the rationalisation of salaries, which did not materialise in the year under review.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

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### Remuneration of Councillors

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

Actual councillor allowance costs increased by 9.42% from R11,598 million (2013/14) to R12,691 million (2014/15). Actual councillor allowance costs are 76.55% of the budgeted remuneration of councillors.

### Depreciation/ Amortisation

Depreciation/amortisation is charged on Property, Plant & Equipment/intangibles at rates determined in the accounting policies and asset useful lives are reviewed annually.

Actual depreciation/amortisation costs decreased by 4.84% from R8,312 million (2013/14) to R7,910 million (2014/15). Actual depreciation/amortisation costs are 91.72% of the budgeted depreciation/amortisation cost. The decrease is mainly due to the disposal of assets in the current financial year.

### Repairs & Maintenance

This expenditure relates to maintenance of the office building which was used for the full duration of the year under review.

Actual repair and maintenance costs increased by 98.62% from R4,094 million (2013/14) to R8,132 million (2014/15). Actual repair and maintenance costs are 81.06% of the budgeted repairs and maintenance cost.

### Finance cost

Finance costs relate to interest on long term loans with INCA, DBSA and financial leases for office equipment.

Actual interest costs decreased by 17.55% from R5,447 million (2013/14) to R4,491 million (2014/15), the decline is due to the INCA loan that was settled early. Actual interest costs are 88.37% of the budgeted finance charges.

### Transfers & Subsidies

This expenditure relates to expenditure on projects on infrastructure and operational for local municipalities and regional functions for which the District Municipality is the primary authority.

Actual grants and subsidies paid represent 48.29% (2013/14) and 58.13% (2014/15) of the total expenditure and decreased by 32.18% from R238,779 million (2013/14) to R161,930 million (2014/15).

### General Expenditure

General Expenditure comprises of operating expenditure not disclosed elsewhere on the statement of financial performance. Detail of general expenditure is disclosed under note 26 of the financial statements.

Actual general expenditure costs decreased by 22.81% from R86,641 million (2013/14) to R66,882 million (2014/15). Actual general expenditure costs are 71.26% of the budgeted general expenditure.

### Gains and losses

The municipality realised a net loss of R29,578 thousand (2014/15) on the disposal of property, plant and equipment compared to the loss of R6,942 million (2013/14).

The municipality realised a net gain of R1,381 million in the 2014/15 financial year compared to a net loss of R0,189 million in the previous financial year on actuarial gains and losses.

### Surplus

The municipality realised a surplus of R32,792 million 2014/15 as a result of the cost containment measures that was introduced.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

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### 5. Financial Position

The Statement of Financial position represents the financial strength of the municipality by a comparison of assets over liabilities.

The total assets of the municipality decreased marginally from R724,243 million (2013/14) to R723,995 million (2014/15). The contributing factors of this decrease can mainly be attributed to declining inventory and call investments.

Liabilities decreased by 30.61% from R107,936 million (2013/14) to R74,895 million (2014/15), which is mainly due to the redemption of liabilities for 2015.

### 6. Key Ratio

#### Current Ratio

This ratio represents the ability of the municipality to pay short term obligations within the next 12 months.

Financial year	Current Assets R million	Current Liabilities R million	Ratios
2013/14	591,070	66,213	8.93:1
2014/15	607,503	48,859	12.43:1

#### Acid Test

A stringent indicator that determines whether a company/institution has enough short-term assets to cover its immediate liabilities without considering inventory. Institutions with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution.

Financial year	Current assets - Inventory R million	Current Liabilities R million	Ratios
2013/14	425,313	66,213	6.42:1
2014/15	485,374	48,859	9.93:1

#### Solvency Ratio

This represents the ability of the municipality to pay both its long term and short term obligations.

Financial year	Total Assets R million	Total Liabilities R million	Ratios
2013/14	724,243	107,936	6.71:1
2014/15	723,994	74,895	9.67:1

#### Other Ratios

This represents the ability of the municipality to pay both its long term and short term obligations.

	%	%
Employee related costs/Total Expenditure	21.85	13.61
Actual Grants and subsidies paid/Total Expenditure	48.29	58.13
Actual Grants and subsidies paid/Total Revenue	44.15	69.31
Actual Grants and subsidies paid/Budget	83.61	63.39

# Nkangala District Municipality

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## Report of the Chief Financial Officer

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### 7. Credit rating

Global Credit rating committee has in August 2013 rated the Nkangala District Municipality as follows:

#### Global Credit rating

Security class	Rating scale	Rating	Rating outlook	Review dates
Long term	National	A(za)	Stable	08/2014

High credit quality relative to other issuers or obligations in the same country. Protection factors are good. However, risk factors are more variable and greater in periods of economic stress.

Short term	National	A1(za)	Stable	08/2014
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Very high certainty of timely payment relative to other issuers or obligations in the same country. Liquidity factors are excellent and supported by good fundamental protection factors. Risk factors are minor.

Long term	International	BBB-	Stable	08/2014
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Adequate protection factors and considered sufficient for prudent investment. However there is considerable variable risk during economic cycles.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Report of the Chief Financial Officer

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### 8. Generally Recognised Accounting Practices

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

The following standards were applicable during the year under review:

<b>Reference</b>	<b>Topic</b>
GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Interest in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 21	Impairment of Non-Cash Generating Assets
GRAP 23	Revenue from Non-Exchange Transactions
GRAP 24	Presentation of Budget
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash Generating Assets
GRAP 27	Agriculture
GRAP 31	Intangible Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 103	Heritage Assets
GRAP 104	Financial instruments

### 9. Conclusion

Good governance, sound financial management and financial viability remain critical success factors for the municipality.

### 10. Acknowledgement

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee and Councillors for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you.

AL STANDER

CHIEF FINANCIAL OFFICER

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Position as at 30 June 2015

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Assets</b>			
Current Assets			
Cash and cash equivalents	3&7	469,036,543	401,782,836
Inventories	4	122,128,873	165,757,124
Other receivables from exchange transactions	5	21,588	42,306
VAT receivable	6	16,315,586	23,487,257
		<b>607,502,590</b>	<b>591,069,523</b>
Non-Current Assets			
Property, plant and equipment	8	115,735,661	98,566,276
Intangible assets	9	756,591	851,117
Investments	12	-	33,756,425
		<b>116,492,252</b>	<b>133,173,818</b>
Non-Current Assets		116,492,252	133,173,818
Current Assets		607,502,590	591,069,523
<b>Total Assets</b>		<b>723,994,842</b>	<b>724,243,341</b>
<b>Liabilities</b>			
Current Liabilities			
Other Financial liabilities	13	3,493,835	6,629,486
Finance lease liabilities	11	244,338	29,044
Payables from exchange transactions	14	20,876,904	31,884,015
Employee benefits	15	173,679	166,756
Unspent conditional grants and receipts	18	3,993,669	1,000,000
Provisions	16	522,237	-
Retentions	17	19,554,531	26,503,387
		<b>48,859,193</b>	<b>66,212,688</b>
Non-Current Liabilities			
Other Financial liabilities	13	10,797,738	27,903,833
Finance lease liabilities	11	485,703	-
Employee benefits	15	14,752,457	13,819,440
Other liability 1		-	-
		<b>26,035,898</b>	<b>41,723,273</b>
Non-Current Liabilities		26,035,898	41,723,273
Current Liabilities		48,859,193	66,212,688
<b>Total Liabilities</b>		<b>74,895,091</b>	<b>107,935,961</b>
Assets		723,994,842	724,243,341
Liabilities		(74,895,091)	(107,935,961)
<b>Net Assets</b>		<b>649,099,751</b>	<b>616,307,380</b>
Accumulated surplus		649,099,751	616,307,380

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment		89,466	86,454
Sale of tender documents		460,630	518,995
Interest earned - outstanding receivables	20	1,279,615	174
Interest earned - external investments	20	31,083,847	28,430,598
<b>Total revenue from exchange transactions</b>		<b>32,913,558</b>	<b>29,036,221</b>
<b>Revenue from non-exchange transactions</b>			
<b>Transfer revenue</b>			
Government grants and subsidies	21	325,966,366	313,592,000
Public contributions and donations	41	5,563,200	60,000
Donated assets received		526,774	-
Other Revenue	42	1,769,559	1,843,386
<b>Total revenue from non-exchange transactions</b>		<b>333,825,899</b>	<b>315,495,386</b>
		32,913,558	29,036,221
		333,825,899	315,495,386
<b>Total revenue</b>	36	<b>366,739,457</b>	<b>344,531,607</b>
<b>Expenditure</b>			
Employee related costs	22	(73,261,494)	(55,900,067)
Remuneration of councillors	23	(12,691,037)	(11,598,147)
Depreciation and amortisation	37	(7,910,269)	(8,312,338)
Finance costs	24	(4,490,939)	(5,446,678)
Repairs and maintenance		(8,132,246)	(4,094,422)
Grants and subsidies paid	25	(161,930,453)	(238,778,699)
General expenses	26	(66,881,992)	(86,641,928)
<b>Total expenditure</b>		<b>(335,298,430)</b>	<b>(410,772,279)</b>
		-	-
Total revenue		366,739,457	344,531,607
Total expenditure		(335,298,430)	(410,772,279)
<b>Operating surplus (deficit)</b>		<b>31,441,027</b>	<b>(66,240,672)</b>
Loss on disposal of assets and liabilities		(29,578)	(6,941,589)
Actuarial gains/(losses)	15	1,380,924	(189,324)
		<b>1,351,346</b>	<b>(7,130,913)</b>
Surplus (deficit) before taxation		32,792,373	(73,371,585)
Taxation		-	-
<b>Surplus (deficit) for the year</b>		<b>32,792,373</b>	<b>(73,371,585)</b>

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	689,221,095	689,221,095
Adjustments		
Prior period error (note 30)	457,870	457,870
<b>Balance at 01 July 2013 as restated*</b>	<b>689,678,965</b>	<b>689,678,965</b>
Changes in net assets		
Surplus for the year	(73,371,585)	(73,371,585)
Total changes	(73,371,585)	(73,371,585)
<b>Restated* Balance at 01 July 2014</b>	<b>616,307,380</b>	<b>616,307,380</b>
Changes in net assets		
Surplus for the year	32,792,371	32,792,371
Total changes	32,792,371	32,792,371
<b>Balance at 30 June 2015</b>	<b>649,099,751</b>	<b>649,099,751</b>

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Cash Flow Statement

Figures in Rand	Note(s)	2015	2014 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants		328,960,035	314,592,000
Interest income		32,363,462	28,430,772
Other receipts		72,376,367	38,899,710
		<u>433,699,864</u>	<u>381,922,482</u>
<b>Payments</b>			
Employee costs		(87,551,915)	(73,397,176)
Suppliers		(263,370,707)	(336,194,114)
Finance costs		(4,490,939)	(5,446,678)
Other payments		(760,341)	(12,958)
		<u>(356,173,902)</u>	<u>(415,050,926)</u>
Total receipts		433,699,864	381,922,482
Total payments		(356,173,902)	(415,050,926)
<b>Net cash flows from operating activities</b>	27	<b><u>77,525,962</u></b>	<b><u>(33,128,444)</u></b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(24,597,221)	(22,222,512)
Proceeds from sale of property, plant and equipment	8	109,291	5,955
Purchase of investments		-	(2,671,091)
Movement in investments		33,756,425	-
		<u>9,268,495</u>	<u>(24,887,648)</u>
<b>Net cash flows from investing activities</b>		<b><u>9,268,495</u></b>	<b><u>(24,887,648)</u></b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(20,241,746)	(5,880,457)
Finance lease payments		700,996	(372,842)
		<u>(19,540,750)</u>	<u>(6,253,299)</u>
<b>Net cash flows from financing activities</b>		<b><u>(19,540,750)</u></b>	<b><u>(6,253,299)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>67,253,707</b>	<b>(64,269,391)</b>
Cash and cash equivalents at the beginning of the year		401,782,836	466,052,227
<b>Cash and cash equivalents at the end of the year</b>	3	<b><u>469,036,543</u></b>	<b><u>401,782,836</u></b>

\* See Note 30



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Rental of facilities and equipment	110,000	(23,000)	<b>87,000</b>	89,466	<b>2,466</b>	
Miscellaneous other revenue	645,000	(100,000)	<b>545,000</b>	460,630	<b>(84,370)</b>	
Interest on outstanding receivables	5,000	(5,000)	-	1,279,615	<b>1,279,615</b>	SARS interest
Interest received - investment	17,435,000	(3,150,000)	<b>14,285,000</b>	31,083,847	<b>16,798,847</b>	Slow spending on projects, surplus cash invested
<b>Total revenue from exchange transactions</b>	<b>18,195,000</b>	<b>(3,278,000)</b>	<b>14,917,000</b>	<b>32,913,558</b>	<b>17,996,558</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	324,272,000	2,188,035	<b>326,460,035</b>	325,966,366	<b>(493,669)</b>	
Public contributions and donations	-	5,563,200	<b>5,563,200</b>	5,563,200	-	
Other transfer revenue	-	510,000	<b>510,000</b>	526,774	<b>16,774</b>	
Other revenue	1,240,000	100,000	<b>1,340,000</b>	1,769,559	<b>429,559</b>	
<b>Total revenue from non-exchange transactions</b>	<b>325,512,000</b>	<b>8,361,235</b>	<b>333,873,235</b>	<b>333,825,899</b>	<b>(47,336)</b>	
'Total revenue from exchange transactions'	18,195,000	(3,278,000)	<b>14,917,000</b>	32,913,558	<b>17,996,558</b>	
'Total revenue from non-exchange transactions'	325,512,000	8,361,235	<b>333,873,235</b>	333,825,899	<b>(47,336)</b>	
<b>Total revenue</b>	<b>343,707,000</b>	<b>5,083,235</b>	<b>348,790,235</b>	<b>366,739,457</b>	<b>17,949,222</b>	
<b>Expenditure</b>						
Personnel	(117,698,706)	13,601,668	<b>(104,097,038)</b>	(73,261,494)	<b>30,835,544</b>	
Remuneration of councillors	(16,826,270)	248,500	<b>(16,577,770)</b>	(12,691,037)	<b>3,886,733</b>	
Depreciation and amortisation	(9,572,171)	948,271	<b>(8,623,900)</b>	(7,910,269)	<b>713,631</b>	
Finance costs	(4,399,607)	(682,500)	<b>(5,082,107)</b>	(4,490,939)	<b>591,168</b>	
Bad debts written off	(15,000)	15,000	-	-	-	
Repairs and maintenance	(11,491,309)	1,459,439	<b>(10,031,870)</b>	(8,132,246)	<b>1,899,624</b>	
Transfers and Subsidies	(245,808,826)	51,880,223	<b>(193,928,603)</b>	(161,930,453)	<b>31,998,150</b>	
General Expenses	(82,578,089)	(11,032,449)	<b>(93,610,538)</b>	(66,881,993)	<b>26,728,545</b>	Slow spending
<b>Total expenditure</b>	<b>(488,389,978)</b>	<b>56,438,152</b>	<b>(431,951,826)</b>	<b>(335,298,431)</b>	<b>96,653,395</b>	
	343,707,000	5,083,235	<b>348,790,235</b>	366,739,457	<b>17,949,222</b>	
	(488,389,978)	56,438,152	<b>(431,951,826)</b>	(335,298,431)	<b>96,653,395</b>	
<b>Operating surplus</b>	<b>(144,682,978)</b>	<b>61,521,387</b>	<b>(83,161,591)</b>	<b>31,441,026</b>	<b>114,602,617</b>	
Loss on disposal of assets and liabilities	-	(115,550)	<b>(115,550)</b>	(29,578)	<b>85,972</b>	
Actuarial gains/losses	-	-	-	1,380,924	<b>1,380,924</b>	
	-	<b>(115,550)</b>	<b>(115,550)</b>	<b>1,351,346</b>	<b>1,466,896</b>	

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
	(144,682,978)	61,521,387	<b>(83,161,591)</b>	31,441,026	<b>114,602,617</b>	
	-	(115,550)	<b>(115,550)</b>	1,351,346	<b>1,466,896</b>	
<b>Surplus</b>	<b>(144,682,978)</b>	<b>61,405,837</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>116,069,513</b>	
Deficit before taxation	(144,682,978)	61,405,837	<b>(83,277,141)</b>	32,792,372	<b>116,069,513</b>	
Taxation	-	-	-	-	-	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>(144,682,978)</b>	<b>61,405,837</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>116,069,513</b>	

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2015</b>											
<b>Financial Performance</b>											
Investment revenue	17,440,000	(3,155,000)	14,285,000	-		14,285,000	32,363,462		18,078,462	227 %	186 %
Transfers recognised - operational	324,272,000	2,188,035	326,460,035	-		326,460,035	325,966,366		(493,669)	100 %	101 %
Other own revenue	1,995,000	5,540,200	7,535,200	-		7,535,200	9,263,778		1,728,578	123 %	464 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>343,707,000</b>	<b>4,573,235</b>	<b>348,280,235</b>	<b>-</b>		<b>348,280,235</b>	<b>367,593,606</b>		<b>19,313,371</b>	<b>106 %</b>	<b>107 %</b>
Employee costs	(117,698,706)	9,804,768	(107,893,938)	-	3,796,900	(104,097,038)	(73,261,494)	-	30,835,544	70 %	62 %
Remuneration of councillors	(16,826,270)	-	(16,826,270)	-	248,500	(16,577,770)	(12,691,037)	-	3,886,733	77 %	75 %
Debt impairment	(15,000)	15,000	-	-	-	-	-	-	-	DIV/0 %	- %
Depreciation and asset impairment	(9,572,171)	1,347,171	(8,225,000)	-	(398,900)	(8,623,900)	(7,910,269)	-	713,631	92 %	83 %
Finance charges	(4,399,607)	600,000	(3,799,607)	-	(1,282,500)	(5,082,107)	(4,490,939)	-	591,168	88 %	102 %
Transfers and grants	(245,808,826)	55,834,877	(189,973,949)	-	(3,954,654)	(193,928,603)	(161,930,454)	-	31,998,149	84 %	66 %
Other expenditure	(94,069,398)	(11,279,213)	(105,348,611)	-	1,590,653	(103,757,958)	(75,043,816)	-	28,714,142	72 %	80 %
<b>Total expenditure</b>	<b>(488,389,978)</b>	<b>56,322,603</b>	<b>(432,067,375)</b>	<b>-</b>	<b>(1)</b>	<b>(432,067,376)</b>	<b>(335,328,009)</b>	<b>-</b>	<b>96,739,367</b>	<b>78 %</b>	<b>69 %</b>
Total revenue (excluding capital transfers and contributions)	343,707,000	4,573,235	348,280,235	-	-	348,280,235	367,593,606	-	19,313,371	106 %	107 %
Total expenditure	(488,389,978)	56,322,603	(432,067,375)	-	(1)	(432,067,376)	(335,328,009)	-	96,739,367	78 %	69 %
<b>Surplus/(Deficit)</b>	<b>(144,682,978)</b>	<b>60,895,838</b>	<b>(83,787,140)</b>	<b>-</b>		<b>(83,787,141)</b>	<b>32,265,597</b>		<b>116,052,738</b>	<b>(39)%</b>	<b>(22)%</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Contributions recognised - capital and contributed assets	-	510,000	510,000	-		510,000	526,775		16,775	103 %	DIV/0 %
Surplus/(Deficit)	(144,682,978)	60,895,838	(83,787,140)	-	-	(83,787,141)	32,265,597	-	116,052,738	(39)%	(22)%
Capital transfers and contributions	-	510,000	510,000	-	-	510,000	526,775	-	16,775	103 %	DIV/0 %
<b>Surplus (Deficit) after capital transfers and contributions</b>	<b>(144,682,978)</b>	<b>61,405,838</b>	<b>(83,277,140)</b>	-		<b>(83,277,141)</b>	<b>32,792,372</b>		<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>
Surplus (Deficit) after capital transfers and contributions	(144,682,978)	61,405,838	(83,277,140)	-	-	(83,277,141)	32,792,372	-	116,069,513	(39)%	(23)%
<b>Surplus/(Deficit) for the year</b>	<b>(144,682,978)</b>	<b>61,405,838</b>	<b>(83,277,140)</b>	-		<b>(83,277,141)</b>	<b>32,792,372</b>		<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	33,853,060	(507,166)	33,345,894	-		33,345,894	25,123,995		(8,221,899)	75 %	74 %
<b>Sources of capital funds</b>											
Public contributions and donations	-	510,000	510,000	-		510,000	526,774		16,774	103 %	DIV/0 %
Borrowing	-	-	-	-		-	787,687		787,687	DIV/0 %	DIV/0 %
Internally generated funds	33,853,060	(1,017,166)	32,835,894	-		32,835,894	23,809,533		(9,026,361)	73 %	70 %
<b>Total sources of capital funds</b>	<b>33,853,060</b>	<b>(507,166)</b>	<b>33,345,894</b>	-		<b>33,345,894</b>	<b>25,123,994</b>		<b>(8,221,900)</b>	<b>75 %</b>	<b>74 %</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	(135,095,807)	(76,941,083)	(212,036,890)	-		(212,036,890)	77,525,962		289,562,852	(37)%	(57)%
Net cash from (used) investing	(33,853,060)	507,166	(33,345,894)	-		(33,345,894)	9,268,495		42,614,389	(28)%	(27)%
Net cash from (used) financing	(6,129,882)	-	(6,129,882)	-		(6,129,882)	(19,540,750)		(13,410,868)	319 %	319 %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(175,078,749)</b>	<b>(76,433,917)</b>	<b>(251,512,666)</b>	<b>-</b>		<b>(251,512,666)</b>	<b>67,253,707</b>		<b>318,766,373</b>	<b>(27)%</b>	<b>(38)%</b>
Cash and cash equivalents at the beginning of the year	206,365,432	259,686,796	466,052,228	-		466,052,228	401,782,836		(64,269,392)	86 %	195 %
Net increase / (decrease) in cash and cash equivalents	(175,078,749)	(76,433,917)	(251,512,666)	-	-	(251,512,666)	67,253,707	-	(318,766,373)	(27)%	(38)%
Cash and cash equivalents at the beginning of the year	206,365,432	259,686,796	466,052,228	-	-	466,052,228	401,782,836	-	64,269,392	86 %	195 %
<b>Cash and cash equivalents at year end</b>	<b>31,286,683</b>	<b>183,252,879</b>	<b>214,539,562</b>	<b>-</b>		<b>214,539,562</b>	<b>469,036,543</b>		<b>(254,496,981)</b>	<b>219 %</b>	<b>1,499 %</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>2014</b>				
<b>Financial Performance</b>				
Investment revenue				28,430,772
Transfers recognised - operational				313,592,000
Other own revenue				2,863,830
<b>Total revenue (excluding capital transfers and contributions)</b>				<b>344,886,602</b>
Employee costs	-	-	-	(55,900,067)
Remuneration of councillors	-	-	-	(11,598,147)
Depreciation and asset impairment	-	-	-	(8,312,338)
Finance charges	-	-	-	(5,446,678)
Transfers and grants	-	-	-	(238,778,699)
Other expenditure	-	-	-	(98,222,258)
<b>Total expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(418,258,187)</b>
Total revenue (excluding capital transfers and contributions)	-	-	-	344,886,602
Total expenditure	-	-	-	(418,258,187)
<b>Surplus/(Deficit)</b>				<b>(73,371,585)</b>
Contributions recognised - capital and contributed assets				-
Surplus/(Deficit)	-	-	-	(73,371,585)
Capital transfers and contributions	-	-	-	-
<b>Surplus (Deficit) after capital transfers and contributions</b>				<b>(73,371,585)</b>
Surplus (Deficit) after capital transfers and contributions	-	-	-	(73,371,585)
<b>Surplus/(Deficit) for the year</b>				<b>(73,371,585)</b>
<b>Capital expenditure and funds sources</b>				
Total capital expenditure				22,222,512

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
<b>Cash flows</b>				
Net cash from (used) operating				(33,128,444)
Net cash from (used) investing				(24,887,647)
Net cash from (used) financing				(6,253,300)
<b>Net increase/(decrease) in cash and cash equivalents</b>				<b>(64,269,391)</b>
Cash and cash equivalents at the beginning of the year				466,052,227
Net increase / (decrease) in cash and cash equivalents	-	-	-	(64,269,391)
Cash and cash equivalents at the beginning of the year	-	-	-	466,052,227
<b>Cash and cash equivalents at year end</b>				<b>401,782,836</b>

1. Investment revenue was more than budgeted as surplus cash was invested due to slow implementation of projects to local municipalities.
2. Other revenue was more than budget as the District received a donation from Shanduka and land from Steve Tshwete municipality.
3. Employee cost is less than budgeted due to vacancies and rationalisation of salaries that did not materialise
4. Remuneration of councillors is less than budgeted as the notice on the determination of upperlimits for councillors was issued late and could not be incorporated into the adjustments budget.
5. Finance cost is lower than the budget as the INCA loan was settled early.
6. Transfers and grants to local municipalities is less than the budget due to the slow implementation of projects.
7. Other expenditure is less than the budget due to cost containment measures adopted by the municipality.
8. Capital expenditure is less than the budget due to slow implementation of the two firestation projects.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

#### 1.1 Presentation currency

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

#### 1.2 Going concern assumption

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

##### Trade receivables

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

The trade receivables were individually reviewed for impairment indicators and there was no indication of that impairment was required during the year 2015.

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

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

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

##### Useful lives of property, plant and equipment and other assets

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



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Effective interest rate

The municipality used the government bond rate to discount future cash flows.

#### Defined benefit plan and other long-term employee benefits

The municipality obtains actuarial valuations of its defined benefit plan and other long-term employee benefits. The defined benefit plan and other long-term employee benefits identified are post-retirement health benefit obligations. The estimate liabilities are recorded in accordance with GRAP 25. Additional information is disclosed in notes 11 & 15.

### 1.4 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working conditions for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

- \* Cost of site preparation.
- \* Initial delivery and handling costs.
- \* Installation costs.
- \* Professional fees.
- \* Estimated cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

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

Item	Depreciation method	Average useful life	Residual value
Land		Indefinite life	
Buildings	Straight line		
• Paving		30	
• Fencing		20	
• Fire stations		30	
Leased assets	Straight line		
• Office Machines		3 - 10	
Plant and machinery	Straight line		
• General		7	
• Telecommunication Equipment		5	
• Radio		7	
• Graders		10	
• Generator		7	
Furniture and fixtures	Straight line		
• Chairs		7 - 10	
• Tables/Desks		7 - 10	
• Cabinets/Cupboards		7 - 10	
• Miscellaneous		7 - 10	
Motor vehicles	Straight line		
• Fire Engines		20	
• Motor vehicles		7	20%
• Bakkies		7	20%
Emergency equipment	Straight line		
• Fire		15	
• Ambulances		5	
• Fire hoses		5	
• Emergency Lights		5	
IT equipment	Straight line		
• Computer hardware		5 - 7	
Computer software	Straight line	3 - 15	
Infrastructure	Straight line		
• Electricit - Supply & reticulation		20	
• Roads		10	
• Bridges		30	
• Sewers		20	
• Water Supply & reticulation		20	
• Reservoirs & tanks		20	
• Pumps		15	

# Nkangala District Municipality

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## Accounting Policies

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

Community	Straight line	
• Clinics		30
• Parks		30
• Community Centres		30
• Fire Stations		30
Other office equipment	Straight line	
• Office Machines		3 - 10
• Air Conditioners		5 - 7
Bins and containers	Straight line	
• Bins		5 - 10
Recreational Facilities	Straight line	
• Fire Breaks		20

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

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate as a result of accounting errors in the previous estimate.

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

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

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

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

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

### 1.5 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

# Nkangala District Municipality

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### 1.5 Intangible assets (continued)

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

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

<b>Item</b>	<b>Useful life</b>
Computer software	3 - 15 years

Intangible assets are derecognised:

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

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

### 1.6 Financial instruments

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

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### 1.6 Financial instruments (continued)

#### Classification

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

<b>Class</b>	<b>Category</b>
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Bank balances	Financial asset measured at fair value
Cash	Financial asset measured at fair value

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

<b>Class</b>	<b>Category</b>
Other payables	Financial liability measured at amortised cost
Long term liabilities	Financial liability measured at amortised cost
Financial lease liabilities	Financial liability measured at fair value
Retentions	Financial liability measured at fair value

#### Initial recognition

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

The municipality recognises financial assets using trade date accounting.

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

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

The municipality measures all other financial assets and financial liabilities initially at its fair value.

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.6 Financial instruments (continued)

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

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

- Other receivables Financial asset measured at amortised cost
- Investments
- Call investment deposits
- Bank balances
- Cash

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

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

#### Fair value measurement considerations

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

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

#### Gains and losses

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

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

#### Impairment and uncollectibility of financial assets

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

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

Financial assets measured at amortised cost:

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.6 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

### Derecognition

#### Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

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

#### Financial liabilities

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.7 Leases

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

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

#### Finance leases - lessee

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

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

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

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

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term except where other systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### 1.8 Inventories

The municipality constructs infrastructure projects, which will subsequently be transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed are disclosed as inventory. Inventory is measured at actual cost.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 1.9 Impairment of cash-generating assets

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

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost to sell and its value in use.

The fair value represents the amount obtained obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.9 Impairment of cash-generating assets (continued)

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belong. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of the value in use, R1.00 or fair value less cost to sell.

A previously recognised impairment loss related to assets is reserved if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognised in prior periods,

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

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

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

#### Identification

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

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

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

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

#### Value in use

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

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### 1.9 Impairment of cash-generating assets (continued)

#### Discount rate

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

#### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

#### Cash-generating units

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

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

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

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

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

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

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

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

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

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

# Nkangala District Municipality

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### 1.9 Impairment of cash-generating assets (continued)

#### Reversal of impairment loss

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

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

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

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

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

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

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

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

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

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

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

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

#### Identification

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

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

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

# Nkangala District Municipality

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## Accounting Policies

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

#### Value in use

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

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

#### Reversal of an impairment loss

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

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

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

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

# Nkangala District Municipality

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### 1.11 Employee benefits

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phone) for current employees

When an employee has rendered services to the municipality during the reporting period, the municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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

#### Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

The municipality contributes towards retirement benefits of its employees and councillors to the under- mentioned pension funds:

- Joint Municipal pension Fund
- Municipal employees Pension Fund

Municipal Gratuity Fund Councillors are members of the Municipal Councillor's Pension Fund that was established in terms of the Remuneration of Public Office Bearers Act 1998 (Act 20 of 1998).

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Employee benefits (continued)

#### Defined benefit plans

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Post employment medical care benefits:

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post –retirement medical benefits is based on employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment.

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

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

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

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

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

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

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

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

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

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

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Employee benefits (continued)

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

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

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

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, the municipality attributes benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, the municipality attributes benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

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

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

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

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

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

Actuarial assumptions

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Employee benefits (continued)

Actuarial assumptions are unbiased and mutually compatible.

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

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflects the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money are consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

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

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

Long service awards:

The municipality has an obligation to provide long-term service allowance benefits to all of its employees. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25 and 30 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liabilities.

Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

The amount recognised as a liability for long-term service awards is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

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

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which is recognised immediately;
- past service cost, which is recognised immediately; and
- the effect of any curtailments or settlements.



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.11 Employee benefits (continued)

#### Accrued leave pay

The liability is based on the total accrued leave days at year end and it is recognised as it accrue for employees, regardless how the obligation will be settled at the future date.

### 1.12 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.13 Provisions and Contingent Liabilities

Provisions are recognised when:

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating expenditure.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.13 Provisions and Contingent Liabilities (continued)

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

A contingent liability is:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

### 1.14 Revenue from exchange transactions

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

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

#### Measurement

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

#### Sale of tender documents

Revenue from the tender documents is recognised when all the following conditions have been satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

All other revenue is recognised at fair value as and when they occur.

#### Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

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

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

#### Rental of facilities

Rental of facilities arising from the use by others of entity assets yielding interest is recognised when:

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

### 1.15 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.15 Revenue from non-exchange transactions (continued)

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

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the municipality.

Government Grants:

Government grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objective are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

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

**Other grants and donations received:**

Other grants and donations are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality
- The amount of the revenue can be measured reliably
- To the extent that there has been compliance with any conditions associated with the grant

**Rental of facilities:**

Rental of facilities are recognised as revenue when:

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

**Other Revenue**

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.

All other revenue is recognised at fair value as and when they occur.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.15 Revenue from non-exchange transactions (continued)

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Transfers

Apart from services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

### 1.16 Cash and Cash Equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

### 1.17 Investment income - Interest earned external investments

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

### 1.18 Borrowing costs

Borrowing costs are recognised as an expense in the Statement of Financial Performance. Borrowing costs that relate to the acquisition/purchase of Property, Plant and Equipment that meet the definition of a qualifying asset, is capitalised to the cost of the item of Property, Plant and Equipment.

### 1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Budgeted amounts have been included in the annual financial statements for the current financial year only.

Prior year comparatives

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

### 1.21 Fruitless and wasteful expenditure

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

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

### 1.22 Irregular expenditure

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

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

### 1.23 Segmental information

Municipalities and municipal entities are not required to apply or early adopt GRAP 18 Segmental Reporting as the Minister of Finance has not yet determined the effective date for application by municipalities and municipal entities.

### 1.24 Budget information

The comparison of budget and actual amounts presents separately for each level of legislative oversight:

- the approved and final amounts
- the actual amounts on a comparable basis
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where the municipality prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the "Statement of Comparison of Budget and Actual Amounts". This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual
- include the same activities and entities
- use the same classification system
- are prepared for the same period.

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

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2017.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Accounting Policies

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### 1.25 Related parties

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

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

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

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

### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date), will be dealt with by way of a note to the financial statements.

### 1.27 Commitments

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

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

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 2. New standards and interpretations

#### 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2015 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2015	The impact of the amendment is not material.
• GRAP 105: Transfers of Functions Between Entities Under Common Control	01 April 2015	The impact of the amendment is not material.
• GRAP 106: Transfers of Functions Between Entities not Under Common Control	01 April 2015	The impact of the amendment is not material.
• GRAP 107: Mergers	01 April 2015	The impact of the amendment is not material.
• GRAP 20: Related Parties	01 April 2016	The impact of the amendment is not material.
• GRAP32: Service Concession Arrangements: Grantor	01 April 2016	The impact of the amendment is not material.
• GRAP108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	The impact of the amendment is not material.
• DIRECTIVE 11: Changes in measurement bases following the initial adoption of Standards of GRAP	01 April 2016	The impact of the amendment is not material.

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	10,200	10,200
Bank balances	24,961,253	6,202,392
Call Investment Deposits	444,065,089	395,570,244
	<b>469,036,542</b>	<b>401,782,836</b>

The municipality had the following bank accounts

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015		2014	
<b>3. Cash and cash equivalents (continued)</b>				
	<b>Bank statement balances</b>		<b>Cash book balances</b>	
	<b>30 June 2015</b>	<b>30 June 2014</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
ABSA Bank - Current Account - 1040161836	33,360,864	14,503,373	24,961,253	6,202,392
ABSA Bank - Fixed Deposit - 2074803822	5,000,000	5,000,000	5,000,000	5,000,000
Absa Bank - Fixed Deposit - 2075065526	20,000,000	15,000,000	20,000,000	15,000,000
Absa Bank - Fixed Deposit - 2075094375	5,000,000	5,000,000	5,000,000	5,000,000
Absa Bank - Call Account - 4083615135	9,650,536	10,013,141	9,650,536	10,013,141
Nedbank Bank - Fixed Deposit (6.50%) - 7881531304	13,000,000	15,000,000	13,000,000	15,000,000
Nedbank Bank - Fixed Deposit (6.08%) - 7881531304	10,000,000	-	10,000,000	-
Nedbank Bank - Fixed Deposit (6.18%) - 7881531304	5,000,000	5,000,000	5,000,000	5,000,000
Nedbank Bank - Call Deposit (5.45%) - 7881531304	8,059,102	8,000,000	8,059,102	8,000,000
FNB (RMB) Bank - Call Deposit - DC02E00161	10,545,506	5,029,418	10,545,506	5,029,418
FNB (RMB) Bank - Term Deposit - PVH568A010	10,000,000	10,000,000	10,000,000	10,000,000
FNB (RMB) Bank - Term Deposit - PVH5325014	11,000,000	15,000,000	11,000,000	15,000,000
FNB (RMB) Bank - Term Deposit - AY156FA011	5,000,000	5,000,000	5,000,000	5,000,000
FNB (RMB) Bank - Term Deposit - PVH55RA062	30,274,626	28,509,751	30,274,626	28,509,751
Standard Bank - Cash management - 2311380	110,229,546	103,278,072	110,229,516	103,278,072
Standard Bank - Retail Call - 038433834	3,717,153	5,302,795	3,717,153	5,302,795
Standard Bank - Notice Deposit - 038433834#070	18,000,000	15,000,000	18,000,000	15,000,000
Standard Bank - Notice Deposit - 038433834#079	5,000,000	5,000,000	5,000,000	5,000,000
Standard Bank - Notice Deposit - 038433834#082	5,000,000	10,000,000	5,000,000	10,000,000
Standard Bank - Notice Deposit - 038433834#083	5,000,000	5,000,000	5,000,000	5,000,000
Sanlam - NDCKON	71,616,749	72,100,889	71,616,749	72,100,889
Investec - Call Deposit - 1400121751	44,309,054	51,192,048	44,309,054	51,192,048
Investec Promissory Note - TR39983 - Interest accrued	-	-	2,005,812	2,144,129
Investec Promissory Note - TR39983	36,657,036	-	36,657,036	-
<b>Total</b>	<b>475,420,172</b>	<b>407,929,487</b>	<b>469,026,343</b>	<b>401,772,635</b>
<b>4. Inventories</b>				
Projects - Work in progress			122,128,873	165,757,124
<b>Work in progress</b>				
Balance at the beginning of the year			165,757,124	186,682,047
Expenditure during the year			118,302,202	217,853,776
Less completed and transferred to local municipalities			(161,930,453)	(238,778,699)
<b>Balance at the end of the year</b>			<b>122,128,873</b>	<b>165,757,124</b>
No Inventories were pledged as security for liabilities.				
<b>5. Other receivables from exchange transactions</b>				
<b>Gross balances</b>				
Other receivables			21,588	42,306
<b>Net balance</b>				
Other receivables			21,588	42,306
<b>Other receivables</b>				
Current (0 -30 days)			21,588	33,030
31 - 60 days			-	9,276
			<b>21,588</b>	<b>42,306</b>



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>5. Other receivables from exchange transactions (continued)</b>		
<b>Reconciliation of allowance for impairment of other receivables from exchange transactions</b>		
Balance at beginning of the year	-	12,512
Amounts written off as uncollectible	-	(11,780)
Reversal of allowance	-	(732)
	-	-

### Other receivables from exchange transactions

Other receivables from exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2015: RNil (2014: R 9 276) were past due but not impaired.

1 month past due	-	9,276
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### 6. VAT receivable

VAT	16,315,586	23,487,257
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The Municipality accounts for Value -Added-Tax on the payment basis.

### 7. Call investment deposits

ABSA Bank Ltd	39,650,536	35,013,141
Nedbank	36,059,102	28,000,000
First National Bank	66,820,132	63,539,169
Standard Bank	146,946,670	143,580,868
Sanlam	71,616,748	72,100,889
Investec	44,309,054	51,192,048
Investec LT transferred to ST (excluding accrued interest)	33,756,425	-
Accrued Interest	4,906,423	2,144,129
Terms and conditions		
	<b>444,065,090</b>	<b>395,570,244</b>
	444,065,090	395,570,244

### Financial assets at fair value

#### Fair values of financial assets measured or disclosed at amortised cost

Balance at the beginning of the year	395,570,244	457,510,507
Invested	333,732,552	285,541,617
Accrued interest	4,906,423	2,144,129
Withdrawn	(290,144,129)	(349,626,009)
	<b>444,065,090</b>	<b>395,570,244</b>

Average rate of return on Investments for the year 6.12% (2014/15) and 5.80% (2013/14).

The amounts disclosed agree to the statements of the relevant financial institutions.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 8. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	810,000	-	810,000	300,000	-	300,000
Buildings	66,513,180	(19,253,347)	47,259,833	66,513,180	(17,043,693)	49,469,487
Plant and equipment	1,413,651	(913,170)	500,481	1,422,227	(768,262)	653,965
Motor vehicles	9,157,732	(4,173,978)	4,983,754	8,103,989	(3,459,081)	4,644,908
Office equipment	9,238,535	(6,252,492)	2,986,043	9,180,902	(5,682,031)	3,498,871
IT equipment	16,036,405	(11,508,200)	4,528,205	16,145,969	(10,995,815)	5,150,154
Infrastructure	3,475,872	(1,634,220)	1,841,652	3,475,872	(1,352,384)	2,123,488
Emergency equipment	4,305,702	(930,166)	3,375,536	2,957,895	(522,782)	2,435,113
Security measures	1,920,103	(1,151,374)	768,729	1,876,223	(1,018,379)	857,844
Leased assets	787,687	(43,840)	743,847	920,200	(893,412)	26,788
Specialised vehicles	20,881,801	(3,577,979)	17,303,822	13,867,096	(2,271,609)	11,595,487
Work in progress	30,633,759	-	30,633,759	17,810,171	-	17,810,171
<b>Total</b>	<b>165,174,427</b>	<b>(49,438,766)</b>	<b>115,735,661</b>	<b>142,573,724</b>	<b>(44,007,448)</b>	<b>98,566,276</b>

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

	Opening balance	Additions	Disposals	Depreciation Disposals	Depreciation	Total
Land	300,000	510,000	-	-	-	810,000
Buildings	49,469,487	-	-	-	(2,209,653)	47,259,834
Plant and equipment	653,965	-	(8,577)	7,785	(152,693)	500,480
Motor vehicles	4,644,908	1,231,865	(178,122)	142,498	(857,394)	4,983,755
Furniture and appliances	3,498,873	185,753	(128,123)	112,742	(683,202)	2,986,043
IT equipment	5,150,153	1,025,848	(1,135,411)	1,100,133	(1,612,518)	4,528,205
Infrastructure	2,123,489	-	-	-	(281,837)	1,841,652
Emergency equipment	2,435,113	1,375,670	(27,863)	27,101	(434,485)	3,375,536
Security measures	857,844	43,881	-	-	(132,996)	768,729
Leased assets	26,788	787,687	(920,197)	920,196	(70,627)	743,847
Specialised vehicles	11,595,487	7,139,705	(125,000)	73,970	(1,380,340)	17,303,822
Work in progress	17,810,171	12,823,588	-	-	-	30,633,759
	<b>98,566,278</b>	<b>25,123,997</b>	<b>(2,523,293)</b>	<b>2,384,425</b>	<b>(7,815,745)</b>	<b>115,735,662</b>

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

	Opening balance	Additions	Disposals	Depreciation Disposals	Depreciation	Total
Land	300,000	-	-	-	-	300,000
Buildings	51,679,140	-	-	-	(2,209,653)	49,469,487
Plant and machinery	7,381,827	-	(9,516,319)	3,601,034	(812,577)	653,965
Motor vehicles	4,995,953	693,120	(505,234)	231,908	(770,839)	4,644,908
Furniture and appliances	4,187,290	88,095	(357,064)	270,654	(690,102)	3,498,873
IT equipment	6,576,665	205,882	(478,865)	421,606	(1,575,135)	5,150,153
Infrastructure	2,405,325	-	-	-	(281,836)	2,123,489
Emergency equipment	1,055,233	1,561,300	(251)	248	(181,417)	2,435,113
Security measures	990,833	-	-	-	(132,989)	857,844
Leased assets	369,628	-	(111,996)	111,893	(342,737)	26,788
Specialised vehicles	8,363,274	4,762,952	(940,000)	323,811	(914,550)	11,595,487
Work in progress	2,899,008	14,911,163	-	-	-	17,810,171
	<b>91,204,176</b>	<b>22,222,512</b>	<b>(11,909,729)</b>	<b>4,961,154</b>	<b>(7,911,835)</b>	<b>98,566,278</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 8. Property, plant and equipment (continued)

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

### 9. Intangible assets

	2015			2014		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1,584,292	(827,701)	756,591	1,584,292	(733,175)	851,117

#### Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	851,117	(94,526)	756,591

#### Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	1,251,620	(400,503)	851,117

### 10. Employee benefits - Current portion

Post Retirement Benefit Obligation		
Balance at the beginning of year	139,740	392,563
Transfer to long term portion	109,916	-
Contributions to long service awards liability	(129,296)	(252,823)
	<b>120,360</b>	<b>139,740</b>
Long Service Awards		
Balance at the beginning of year	27,016	225,820
Transfer to long term portion	26,303	(198,804)
	<b>53,319</b>	<b>27,016</b>
Total Employee benefits - current portion	173,679	166,756

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 11. Finance lease liabilities

	Opening balance 2014/06/30	Received during the year	Redeemed or written off during the year	Closing balance 2015/06/30	Less short term portion	Long term portion
Ricoh Dgital copier/printer PRO 137EX redeemable at 04/9/2014	29,044		29,044	-	-	-
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	102,988	7,537	95,451	31,947	63,505
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	102,988	7,537	95,451	31,947	63,505
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	102,988	7,537	95,451	31,947	63,505
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	102,988	7,537	95,451	31,947	63,505
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	187,867	13,749	174,118	58,276	115,842
Dido Digital Sharp MX411ON redeemable at 23 March 2018	-	187,867	13,749	174,118	58,276	115,842
	<b>29,044</b>	<b>787,686</b>	<b>86,690</b>	<b>730,040</b>	<b>244,338</b>	<b>485,703</b>

### Reconciliation

#### Minimum lease payments due

- within one year	301,680	29,262
- in second to fifth year inclusive	527,940	-
	829,620	29,262
less: future finance charges	(99,579)	(218)
<b>Present value of minimum lease payments</b>	<b>730,041</b>	<b>29,044</b>
Non-current lease liabilities	485,703	-
Current lease liabilities	244,338	29,044
	<b>730,041</b>	<b>29,044</b>

### 12. Investments

Balance at the beginning of the year	33,756,425	31,085,334
Invested and/ or accrued interest	2,900,611	2,671,091
Transfer to short term portion	(36,657,036)	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>33,756,425</b>

Guaranteed value of investments at maturity date - 37,218,084

The long term investment matures in September 2015 and was transferred to current investments - see note 7.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014				
<b>13. Long term liabilities</b>						
<b>At amortised cost</b>						
DBSA 1996 @ 6 months JIBAR plus 2% redeemable at 30/09/2019	14,291,573	17,467,478				
INCA 2004 @ 12.28% p.a redeemable at 30/12/2018	-	17,065,841				
<b>Total other financial liabilities</b>	<b>14,291,573</b>	<b>34,533,319</b>				
<b>Non-current liabilities</b>						
At amortised cost	10,797,738	27,903,833				
<b>Current liabilities</b>						
At amortised cost	3,493,835	6,629,486				
<b>Annuity loans</b>						
<b>Annuity loans</b>	<b>Opening balance</b>	<b>Received during 2014/15</b>	<b>Redeemed or written off during 2014/15</b>	<b>Closing balance</b>	<b>Less short term portion</b>	<b>Long term portion</b>
DBSA: 1996 @ 6months JIBAR plus 2% redeemable at 30/09/2019	17,467,478	-	3,175,905	14,291,573	3,493,835	10,797,738
INCA: 2004 @ 12.28% p.a redeemable at 30/12/2018	17,065,841	-	17,065,841	-	-	-
Subtotal	34,533,319	-	20,241,746	14,291,573	3,493,835	10,797,738
	<b>34,533,319</b>	<b>-</b>	<b>20,241,746</b>	<b>14,291,573</b>	<b>3,493,835</b>	<b>10,797,738</b>
<b>14. Payables from exchange transactions</b>						
Trade payables	15,700,978	27,297,932				
Other payables	14,529	589,497				
Accrued leave pay	5,151,077	3,987,666				
Deposits received	10,320	8,920				
	<b>20,876,904</b>	<b>31,884,015</b>				
<b>15. Employee benefit obligations</b>						
<b>Long Term Employee Benefits</b>						
Post retirement benefits	13,678,409	12,544,580				
Long service awards	1,074,048	1,274,860				
Movement for the year	-	-				
	<b>14,752,457</b>	<b>13,819,440</b>				
Non-current liabilities	14,752,457	13,819,440				
Current liabilities	173,679	166,756				
	<b>14,926,136</b>	<b>13,986,196</b>				

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>15. Employee benefit obligations (continued)</b>		
<b>Post Retirement Benefits</b>		
Opening balance	12,684,320	9,815,000
Current service cost	1,008,035	1,690,000
Interest costs	1,172,467	778,000
Actuarial (Gain)/loss	(926,313)	544,320
Expected employer benefit payments	(139,740)	(143,000)
<b>Closing balance</b>	<b>13,798,769</b>	<b>12,684,320</b>
Minus current portion of liability	(120,360)	(139,740)
Closing long term portion of liability	<b>13,678,409</b>	<b>12,544,580</b>

Projected accrued liability

The post employment medical aid benefit are provided for ex retired employees and their legitimate spouses and is paid monthly. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the reporting date. There was substantial additional staff appointed during the year under review, which is the reason for the huge increase from 2014 to 2015.

Valuation method

The method used is called the "Projected unit credit method". Under this method the accrued service liabilities are determined by projecting all future payments which will be made by the employer in respect of benefits accrued up to the Valuation Date. Assumptions are made in respect of, inter-alia, medical scheme contribution increases, withdrawals, deaths and ill-health, early and normal retirements. These payments are discounted at the valuation rate of discount to determine the present value of the liabilities at the Valuation Date.

	Changes in assumptions	Liability R'000s	Percentage change	Service cost R'000s	Interest cost R'000s	Total cost R'000s	Percentage
Central assumption used	-	13,799	-	1,008	1,173	2,181	- %
Medical inflation	1% decrease	11,733	(15) %	811	993	1,804	(17) %
Medical inflation	1% increase	16,324	18 %	1,254	1,392	2,646	21 %
Post retirement mortality	-1year	14,278	3 %	1,041	1,213	2,254	3 %

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 15. Employee benefit obligations (continued)

#### Key assumptions used

Discount rate	9.18 %
Medical inflation (CPI)	8.27 %
Salary increase rate	7.21 %
Net effective discount rate	0.84 %

#### Reconciliation of Movement in the post employment medical aid benefit

Balance at the beginning of the year	12,544,580	9,595,928
Contributions to post employment medical aid benefit	1,114,449	3,027,851
Transfer to current post employment medical aid benefit	19,380	(79,199)
<b>Balance at end of year</b>	<b>13,678,409</b>	<b>12,544,580</b>

#### Post retirement benefits projection for 2016:

	2016	2015
Opening balance	13,798,769	12,684,320
Current service cost	1,085,182	1,008,035
	1,261,079	1,172,467
Actuarial (Gain)/loss	-	(926,313)
Expected employer benefit payments	(120,360)	(139,740)
<b>Closing balance</b>	<b>16,024,670</b>	<b>13,798,769</b>
Minus current portion of liability	(130,312)	(120,360)
<b>Closing long term portion of liability</b>	<b>15,894,358</b>	<b>13,678,409</b>

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Present value of accrual	13,798,769	12,684,320	9,815,000	7,231,000	6,098,000

#### Long service awards

Opening balance	1,301,876	1,359,756
Current service cost	200,064	277,535
Interest costs	107,054	111,472
Actuarial (Gain)/loss	(454,611)	(354,996)
Expected employer benefit payments	(27,016)	(91,891)
<b>Closing balance</b>	<b>1,127,367</b>	<b>1,301,876</b>
Minus current portion of liability	(53,319)	(27,016)
<b>Closing long term portion of liability</b>	<b>1,074,048</b>	<b>1,274,860</b>

	- Changes in assumptions	Liability R'000s	Percentage change	Service cost R'000s	Interest cost R'000s	Total cost R'000s	Percentage
Central assumption used	-	1,127	-	200	107	307	-
Salary inflation	1% decrease	1,049	(7) %	183	99	282	(8) %
Salary inflation	1% increase	1,214	8 %	220	116	336	9 %
Retirement age	2 Years decrease	0.966	(14) %	180	94	274	(11) %
Retirement age	2 Years increase	1,306	16 %	225	124	349	13 %
Withdrawal rates	50% less	1,466	30 %	279	138	417	36 %

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 15. Employee benefit obligations (continued)

#### Key assumptions used

Discount rate	8.24 %
General inflation (CPI)	6.21 %
Salary increase rate	7.21 %
Net effective discount rate	0.95 %

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

Amounts for the current and previous four years are as follows:

	2015 R	2014 R	2013 R	2012 R	2011 R
Present value of accrual	1,127,367	1,301,876	1,359,756	1,187,266	1,093,102

#### Reconciliation of Movement in the post employment medical aid benefit

Balance at the beginning of the year	1,274,860	1,133,937
Contributions to post employment medical aid benefit	(26,303)	198,803
Transfer to current post employment medical aid benefit	(174,509)	(57,880)
<b>Balance at end of year</b>	<b>1,074,048</b>	<b>1,274,860</b>

#### Long service benefits projection for 2016:

Opening balance	1,127,367	1,301,876
Current service cost	218,629	200,064
Interest costs	90,689	107,054
Actuarial (Gain)/loss	-	(454,611)
Expected employer benefit payments	(53,319)	(27,016)
<b>Closing balance</b>	<b>1,383,366</b>	<b>1,127,367</b>
Minus current portion of liability	(138,073)	(53,520)
Closing long term portion of liability	<b>1,245,293</b>	<b>1,073,847</b>



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 16. Provisions

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Total
Other provisions	-	522,237	522,237

#### Reconciliation of provisions - 2014

	Opening Balance	Additions	Expenditure incurred	Total
Performance bonus provision	7,512,370	(7,301,661)	(210,709)	-

### 2015 Explanations

Provision is made for the write off of SARS VAT amounts that are not recoverable:

Timing difference R2 341.05

Opening balance VAT Control account R21 000

Irrecoverable VAT not claimed for February 2010 - R498 895.47

### 17. Retentions

Opening balance	26,503,387	24,205,988
Receipts during the year	9,658,338	20,144,600
Payments made during the year	(1,667,195)	(17,847,201)
	<b>19,554,531</b>	<b>26,503,387</b>

Retention is a certain percentage that is withheld from payment and is only paid at the end of the defects liability period.

### 18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Provincial Treasury - Data Cleansing	3,993,669	1,000,000
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#### Movement during the year

Balance at the beginning of the year	1,000,000	-
Additions during the year	4,688,035	1,000,000
Income recognition during the year	(1,694,366)	-
	<b>3,993,669</b>	<b>1,000,000</b>

#### Department: Finance

This grant was allocated to the District to fund data cleansing projects for Victor Khanye, Emakhazeni and Emalahleni Local Municipalities.

Conditions still to be met and transferred to liabilities.

### 19. Financial instruments disclosure

#### Categories of financial instruments

#### 2015

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 18. Financial instruments disclosure (continued)

#### Financial assets

	At amortised cost	Total
Long term investments	21,588	21,588
Call investment deposit	444,065,089	444,065,089
Bank balances and Cash	24,971,453	24,971,453
	<b>469,058,130</b>	<b>469,058,130</b>

#### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	20,876,906	20,876,906
Long term liabilities	14,291,573	14,291,573
Finance lease liabilities	244,338	244,338
	<b>35,412,817</b>	<b>35,412,817</b>

### 2014

#### Financial assets

	At amortised cost	Total
Long term investments	33,756,425	33,756,425
Other receivables from exchange transactions	42,306	42,306
Call investment deposits	395,570,244	395,570,244
Bank balances and cash	6,212,592	6,212,592
	<b>435,581,567</b>	<b>435,581,567</b>

#### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	31,884,015	31,884,015
Long term liabilities	34,533,319	34,533,319
Finance lease liabilities	29,044	29,044
	<b>66,446,378</b>	<b>66,446,378</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>20. Interest earned</b>		
<b>Interest earned on debtors</b>		
Sundry debtors	71	174
Vat debtor	1,279,544	-
	<b>1,279,615</b>	<b>174</b>
<b>Interest earned</b>		
Interest on investments	28,830,586	26,519,636
Interest on retention investment	1,782,716	1,487,664
Bank	470,545	423,298
	<b>31,083,847</b>	<b>28,430,598</b>
	1,279,615	174
	31,083,847	28,430,598
	<b>32,363,462</b>	<b>28,430,772</b>

Interest is earned on investments and current account. Money not needed for immediate operational cashflow is invested with various institutions as indicated in note 3.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>21. Government grants and subsidies</b>		
Equitable share	20,243,000	19,749,000
RSC Levy replacement grant	297,774,000	289,101,000
Municipal systems improvement grant	934,000	890,000
Rural Asset Management Grant	1,950,000	1,602,000
Finance management grant	1,250,000	1,250,000
Expanded public works programme intensive grant	2,121,000	1,000,000
Provincial Data Cleansing Grant	1,694,366	-
	<b>325,966,366</b>	<b>313,592,000</b>

### Equitable share

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

### RSC Levy replacement grant

In terms of the Division of Revenue Act this grant is used to subsidise the replacement of RSC levies that were abolished from 1 July 2006.

### Municipal systems improvement grant

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

**Department:** Planning and Development

#### Purpose of Grant:

The municipal systems improvement grant under the vote of the Department of Cooperative Government and Traditional Affairs focuses on stabilising municipal and governance systems, planning and implementation management support centres, reviewing integrated development plans and implementing the Municipal Systems Act (2000)

All conditions of the grant has been met and the grant was never withheld.

### Finance management grant

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

**Department:** Finance

#### Purpose of Grant:

To promote and support reforms in the financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

All conditions of the grant has been met and the grant was never withheld.

### Expanded public works programme intensive grant

Current-year receipts	2,121,000	1,000,000
Conditions met - transferred to revenue	(2,121,000)	(1,000,000)
	-	-

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

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Figures in Rand	2015	2014
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### 21. Government grants and subsidies (continued)

#### Department: Planning and Development

##### Purpose of Grant:

All conditions of the grant has been met.

Based on the allocations set out in the division of Revenue Act, no significant change in the level of government grant funding are expected over the forthcoming three financial years

#### Rural Roads Asset Management Grant

Current-year receipts	1,950,000	1,602,000
Conditions met - transferred to revenue	(1,950,000)	(1,602,000)
	-	-

All conditions of the grant has been met and the grant was never withheld.

#### Provincial Data Cleansing Grant

Balance unspent at beginning of year	1,000,000	-
Current-year receipts	4,688,035	1,000,000
Conditions met - transferred to revenue	(1,694,366)	-
	<b>3,993,669</b>	<b>1,000,000</b>

Conditions still to be met - remain liabilities (see note 18).

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>22. Employee related costs</b>		
Salaries and wages	51,434,331	41,415,506
Contributions to medical aid, pension & UIF	12,080,695	12,483,355
Contribution to post retirement benefit	1,243,745	1,949,055
Overtime payments	1,305,539	1,390,634
Contribution to provision for performance bonus	-	(7,301,661)
Long service awards/ Leave encashments	2,059,775	2,308,262
Car allowance	5,007,001	3,567,438
Housing benefits and allowances	130,408	87,478
	<b>73,261,494</b>	<b>55,900,067</b>
<b>Remuneration of the Municipal Manager: MM Skosana (On maternity leave from Aug 2014 to 30 Nov 2014)</b>		
Annual remuneration	959,994	443,196
Car allowance	93,810	50,000
Contributions to Pension, UIF, SDL, Group life & Bargaining council	215,199	106,643
	<b>1,269,003</b>	<b>599,839</b>
<b>Remuneration of Chief Financial Officer - AL Stander</b>		
Annual Remuneration	1,059,779	658,729
Car Allowance	120,000	-
Performance Bonuses	60,529	-
Contributions to Pension, Medical, UIF, SDL, Group life and Bargaining council	208,568	173,893
	<b>1,448,876</b>	<b>832,622</b>
<b>Remuneration of Manager Corporate Services - HK Masango (8 June to 30 June 2015)</b>		
Annual Remuneration	56,505	-
Car Allowance	10,141	-
Contributions to Pension, Medical, UIF, SDL and Bargaining council	13,189	-
	<b>79,835</b>	<b>-</b>
<b>Manager Corporate Services: Z Mcineka (1 July 2013 to 31 Jan 2014)</b>		
Annual Remuneration	-	600,958
Car Allowance	-	63,000
Contributions to UIF, Medical and Pension Funds	-	7,723
	<b>-</b>	<b>671,681</b>
<b>Manager Technical Services AG Zimbwa (1 July 2013 to 31 January 2014)</b>		
Annual Remuneration	-	551,503
Car Allowance	-	63,000
Acting Allowance	-	352,154
Contributions to UIF, Medical and Pension Funds	-	10,626
	<b>-</b>	<b>977,283</b>
<b>Remuneration of Manager Social Services - EM Tshabalala (July to 30 Nov 2014)</b>		
Annual Remuneration	673,898	690,788
Acting allowance	39,139	-
Car Allowance	75,000	180,000
Performance Bonuses	-	1,863

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>22. Employee related costs (continued)</b>		
Contributions to Pension, UIF, SDL and Bargaining council	54,895	94,125
	<b>842,932</b>	<b>966,776</b>
<b>Acting Manager Technical Services: FR Ntekele (1 Sept to 31 May 2015)</b>		
Acting allowance	16,416	-
<b>Acting Manager Corporate Services: L Mohlala (Vacant 01 Sept 2014 to 31 May 2015)</b>		
Acting allowance	10,406	-
<b>Acting Manager Social Services: V Mahlangu ( 01 December 2014 to 28 February 2015)</b>		
Acting allowance	44,541	-
<b>Acting Manager Social Services: L Malatjie ( 01 March 2015 to 30 June 2015)</b>		
Acting allowance	24,340	-

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

	2015	2014
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### 23. Remuneration of Councillors

Councillors Allowances	11,711,095	10,228,132
Councillors' pension contribution	848,902	1,107,032
Councillors' medical and other contributions	131,040	262,983
	<b>12,691,037</b>	<b>11,598,147</b>

#### In-kind benefits

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

The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Executive Mayor has one full-time bodyguard.

#### Executive Mayor: Clr TD Ngwenya

Annual Remuneration	584,158	17,518
Car Allowance	225,060	6,870
Cell/Mobile data allowance	25,251	816
Contributions to medical and pension funds	98,308	3,314
	<b>932,777</b>	<b>28,518</b>

#### Executive Mayor: Clr SK Mashilo (01 July 2013 to 05 June 2014)

Annual Remuneration	-	489,188
Car Allowance	-	192,221
Cell/Mobile data allowance	-	22,820
Contributions to medical and pension funds	-	85,363
	<b>-</b>	<b>789,592</b>

#### Speaker: Clr TM Letlaka (1 Feb 2015 to 30 June 2015)

Annual Remuneration	195,571	-
Car Allowance	78,231	-
Cell/Mobile data allowance	10,195	-
Contributions to medical and pension funds	42,167	-
	<b>326,164</b>	<b>-</b>

#### Speaker Clr BA Nkwanyana (1 July 2014 to 3 January 2015)

Annual Remuneration	248,419	418,376
Car Allowance	96,180	164,879
Cell/Mobile data allowance	14,273	24,468
Contributions to medical and pension funds	46,429	74,195
	<b>405,301</b>	<b>681,918</b>

#### Council Whip: Clr TM Letlaka (1 July 2014 to 31 January 2015)

Annual Remuneration	181,384	376,388
Car Allowance	90,167	154,572
Cell/Mobile data allowance	14,273	24,468
Contributions to medical and pension funds	95,631	85,398
	<b>381,455</b>	<b>640,826</b>



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>23. Remuneration of Councillors (continued)</b>		
<b>Council Whip: Clr ZB Mdluli (1 Feb 2015 to 30 June 2015)</b>		
Annual Remuneration	213,498	-
Car Allowance	70,433	-
Cell/Mobile data allowance	10,195	-
Contributions to medical and pension funds	31,714	-
	<b>325,840</b>	<b>-</b>
<b>Mayoral Committee members (6)</b>		
Annual Remuneration	2,715,203	2,244,207
Car Allowance	982,306	906,536
Cell/Mobile data allowance	146,808	146,319
Contributions to medical and pension funds	530,436	505,862
	<b>4,374,753</b>	<b>3,802,924</b>
<b>Other Councillors (49)</b>		
Annual Remuneration	2,597,420	3,437,613
Car allowance	1,025,319	389,449
Cell/Mobile data allowance	292,561	1,313,159
Contributions to medical and pension funds	441,986	542,666
	<b>4,357,286</b>	<b>5,682,887</b>
<b>24. Finance costs</b>		
Finance leases	17,889	21,039
Long term liabilities	3,193,529	4,534,888
Other interest paid	1,279,521	890,751
	<b>4,490,939</b>	<b>5,446,678</b>
<b>25. Grants and subsidies paid</b>		
<b>Other subsidies</b>		
General (Cross boundry projects that can not be allocated to a specific municipality)	37,293,612	1,232,017
Victor Khanye	10,766,501	12,957,765
Dr JS Moroka	25,886,592	27,592,369
Emalaheni	42,340,044	72,140,765
Steve Tswete	5,345,485	39,843,477
Emakhazeni	9,300,304	25,346,963
Thembisile Hani	30,997,915	59,665,342
	<b>161,930,453</b>	<b>238,778,698</b>
Grants paid to ME's	-	-
Other subsidies	161,930,453	238,778,698

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>26. General expenses</b>		
Auditors remuneration	3,280,441	2,946,563
Office cleaning & gardening	1,453,887	1,185,790
Consultant fees	972,149	1,271,048
Legal fees	3,172,064	1,060,683
Entertainment costs	801,321	1,261,437
Cleaning and gardening	2,198,926	3,740,535
Information Technology	4,005,611	9,396,579
Bursaries awarded	1,640,264	748,077
Printing and stationery	2,876,136	1,771,459
Laboratory tests	1,088,100	873,515
Security (Guarding of municipal property)	1,653,232	1,341,765
Township establishment	280,000	2,104,648
Subscriptions and membership fees	1,544,350	1,773,102
Telephone and fax	2,353,784	1,929,311
Travel and accommodation	4,679,867	4,901,061
Municipal account	2,042,465	1,875,510
Tourism development	3,322,582	1,090,545
Thembisile Roads	8,368,712	20,651,197
Sundry Expenditure	13,835,419	14,398,578
Disaster Management	1,086,966	489,190
EWP	2,106,825	-
Planning	329,556	7,741,593
Capacity building and Training	3,789,335	4,089,745
	<b>66,881,992</b>	<b>86,641,931</b>
<b>27. Cash generated from (used in) operations</b>		
Surplus (deficit)	32,792,371	(73,371,585)
<b>Adjustments for:</b>		
Depreciation and amortisation	7,910,269	8,312,338
(Gain)/Loss on sale of assets and liabilities	29,578	6,941,589
Movements in employee benefit - non current	933,017	3,262,067
Movements in provisions/employee benefits - current	529,160	(7,963,998)
Donated assets	(526,774)	-
<b>Changes in working capital:</b>		
Inventories	43,628,251	20,924,923
VAT Receivable	7,171,670	(1,281,155)
Receivables from exchange transactions	20,717	57,596
Payables from exchange transactions	(14,962,297)	9,989,781
	<b>77,525,962</b>	<b>(33,128,444)</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>28. Contingent Liabilities</b>		
<b>Litigation against the municipality</b>		
North West Development Cooperation	75,248	75,248
Thecon Projects CC	900,000	900,000
Turfmaster	207,067	207,067
Bakone Power CC	734,240	734,240
TC Makola	2,000,000	2,000,000
Khanda Seating (PTY) LTD	286,787	286,787
Pipe Jack Gauteng	1,898,455	1,898,455
JI Bolton	500,000	-
	<b>6,601,797</b>	<b>6,101,797</b>

### Litigation against the municipality

Except for the guarantees held in lieu of retentions disclosed in note 17 the only other contingent liabilities are listed above

### Contingent assets

Council does not have any contingent assets.

## 29. Related parties

Other than the related parties included in note 25 the municipality do not have any other related parties.

No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business.

### Business with close family members

Agreements in service of state	2,454,901	4,772,674
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The municipality entered into agreements with service providers who made declarations that close family members in service of the state. The municipality considers the transactions to be at an arms length and in the ordinary course of business.

## 30. Prior period errors

1 .During 2012/13 and 2013/14 certain assets should have been recorded as disposed because they were lost or damaged and claimed from the insurance or recovered from the relevant officials.

2. During 2012/13 an error occurred where a transaction was duplicated and resulted in the overstatement of creditors and VAT debtor.

3. It was discovered that the disclosure of the actuarial gains/losses was not disclosed fully in terms of GRAP 25 the error was corrected.

The correction of the error(s) results in adjustments as follows:

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 30. Prior period errors (continued)

Description	Nett book value: Property, plant & equipment	Receivable: VAT	Payables: Trade Creditors	Changes to Financial Performance 2014	Accumulated surplus - 2015
Amount stated prior year	98,605,958	23,554,659	32,432,864	(73,355,481)	689,221,094
Correction: PPE	(39,680)	-	-	3,024	3,024
Additional loss	-	-	-	(13,173)	(13,173)
Correction income	-	-	-	(5,955)	(5,955)
Overstatement of depreciation	-	-	-	-	423
Overstated income	-	-	-	-	(74,726)
Understated loss	-	-	-	-	(1,353)
Understated profit on disposal of asset	-	-	-	-	52,081
Overstated General expenditure	-	(67,402)	(548,848)	-	481,446
Deficit stated 2014	-	-	-	-	(73,355,481)
	<b>98,566,278</b>	<b>23,487,257</b>	<b>31,884,016</b>	<b>(73,371,585)</b>	<b>616,307,380</b>

### 31. Risk management

#### Financial risk management

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

The municipality's risk management policies are established and analyse the risks faced by the municipality, to set up limits and controls to monitor risks and adherence to limits. The risk management policy is reviewed annually and a risk assessment is performed annually and monitored regularly to effect changes in the municipality's activities and risk profile.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

2015

2014

### 31. Risk management (continued)

#### Liquidity risk

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

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

#### Finance lease liabilities

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

At 30 June 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade payables from exchange transactions	20,876,906	-	-	-
Long term liabilities	3,493,835	3,085,068	7,712,670	-
Finance lease liabilities	244,338	267,922	217,780	-

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	31,884,015	-	-	-
Long term liabilities	6,629,486	6,511,104	19,850,195	1,542,534
Finance lease liabilities	29,044	-	-	-

#### Credit risk

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

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

Nkangala district Municipality manages its credit risk in its borrowing and investing activities by dealing with A+ rated financial institutions and by spreading its exposure over a wide range of financial institutions in accordance with the approved cash and investment policy of Council.

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

Financial instrument	2015	2014
Other receivables from exchange transactions	21,588	42,306
Call investment deposits	444,065,089	395,570,244
Bank balances and cash	24,971,453	6,212,592
Long term investments	-	33,756,425

#### Market risk

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand 2015 2014

### 31. Risk management (continued)

#### Interest rate risk

Nkangala District Municipality is exposed to interest rate risk on one of its long term borrowings, namely the development bank of South Africa loan conditions set on 6 months JIBAR - 2%. there is no risk on the long term borowing with INCA as it is at a fixed rate.

Nkangala District Municipality has a long term investment in the form of a promisory note The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

### 32. Events after the reporting date

The accounting officer is not aware of any matter or event arising since the end of the reporting period and the date of this report, which will significantly affect the financial position and results of the municipality's operations, except for the arbitration award to the former municipal manager of R1 560 000.

### 33. Additional disclosure in terms of Municipal Finance Management Act

#### SALGA

Current year subscription / fee	1,544,350	1,773,102
Amount paid - current year	(1,544,350)	(1,773,102)
	<u>-</u>	<u>-</u>

#### Audit fees

Current year subscription / fee	3,280,441	2,946,563
Amount paid - current year	(3,280,441)	(2,946,563)
	<u>-</u>	<u>-</u>

#### PAYE and UIF

Current year subscription / fee	13,435,237	12,645,765
Amount paid - current year	(13,435,237)	(12,645,765)
	<u>-</u>	<u>-</u>

#### Pension and medical aid deductions

Current year subscription / fee	18,862,297	15,787,269
Amount paid - current year	(18,862,297)	(15,787,269)
	<u>-</u>	<u>-</u>

#### VAT

VAT receivable	16,315,586	23,487,257
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VAT output payables and VAT input receivables are shown in note 6.

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>34. Fruitless and wasteful expenditure</b>		
Opening balance	-	67,590
Add: Fruitless and wasteful current year	1,544	1,027
Less: Amounts determined as irrecoverable	-	(68,617)
	<b>1,544</b>	<b>-</b>

Accommodation was booked for two advocates to represent NDM at a CCMA case in Southern Sun - The Ridge Hotel. The advocates did not show up and the hotel charged a no show fee of R1,544 for the rooms not taken up. The matter will be referred to Council Committee for investigation.

### 35. Irregular expenditure

Opening balance	10,567,103	56,000
Add: Irregular Expenditure - current year (see Annexure for details)	11,767,936	13,336,642
Less: Amounts written off by Council	(8,078,299)	(2,825,539)
	<b>14,256,740</b>	<b>10,567,103</b>

The above irregular expenditure which relates to the 2013/14 financial year were raised by the Auditor General in the current financial year. The municipality did not have the system to verify the directors in the service of the state and as such were included in the 2013/14 financial year's register of irregular expenditure. Expenditures are now referred to the Blacklisting committee and Council committee for investigation.

In 2014/15 financial year the municipality made payments to the contracts awarded to the companies whose directors are in the service of the state. The awards were made in the 2013/14 financial year and were raised by the Auditor General. Council resolved to write off irregular expenditure as irrecoverable.

Council resolved in 2014/15 to write off R8,078,299 irregular expenditure and R14,256,740 is still under investigation.

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

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Figures in Rand	2015	2014
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### 35. Irregular expenditure (continued)

#### Details of irregular expenditure



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand

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IRREGULAR EXPENDITURE INCIDENCES							
NO	Date of discovery	Date reported to the Accounting Officer	Service Provider	Transaction details			Description of incident
				Date of payment	2014/15 amount	2013/14 Amount	
1	2014-12-01	2015-01-01	Ulwazi Security Services		440,186		Security services extended above the threshold allowed by section 76.2.3 of the NDMSM policy
2	2015-01-07	2015-02-01	Bampanane General Trading		111,878		Cleaning services extended above the threshold allowed by section 76.2.3 of the NDMSM policy
	2014-11-30	2014-11-30	Masikhuleni Business Enterprise		37,496	243,500	Supplier allegedly made a false declaration on MBD FORM
3	2014-11-30	2014-11-30	Sabinet Online		37,496	39,216	Supplier allegedly made a false declaration on MBD FORM
4	2014-11-30	2014-11-30	Sisonke		2,334,167	1,298,719	Supplier allegedly made a false declaration on MBD FORM
5	2014-11-30	2014-11-30	Wenzekuhle Maintenance Services		3,838,941	878,104	Supplier allegedly made a false declaration on MBD FORM
6	2014-11-30	2014-11-30	SMEC		3,726,473	1,269,481	Supplier allegedly made a false declaration on MBD FORM
7	2014-11-30	2014-11-30	Gendinyoni Trading		-	21,250	Supplier allegedly made a false declaration on MBD FORM
8	2014-11-30	2014-11-30	Nsizwazimele Trading and Projects		-	29,940	Supplier allegedly made a false declaration on MBD FORM
9	2014-11-30	2014-11-30	Bapedi Consulting Engineers		755,102	660,140	Supplier allegedly made a false declaration on MBD FORM
10	2014-11-30	2014-11-30	Orvanle Catering and Projects		-	52,000	Supplier allegedly made a false declaration on MBD FORM
11	2014-11-30	2014-11-30	Quegedo Trading		-	72,375	Supplier allegedly made a false declaration on MBD FORM
12	2014-11-30	2014-11-30	Chillos Transport Services		-	20,000	Supplier allegedly made a false declaration on MBD FORM
13	2014-11-30	2014-11-30	Key Spirit Trading 218 CC		-	2,639,691	Supplier allegedly made a false declaration on MBD FORM
14	2014-11-30	2014-11-30	Langamed EMERGENCY Management		-	610	Supplier allegedly made a false declaration on MBD FORM
15	2014-11-30	2014-11-30	NaGembe Construction		-	390,660	Supplier allegedly made a false declaration on MBD FORM
16	2014-11-30	2014-11-30	Fairways Trading		-	4,626,048	Supplier allegedly made a false declaration on MBD FORM
17	2014-11-30	2014-11-30	Muhlebuyi Construction and Projects		-	16,000	Supplier allegedly made a false declaration on MBD FORM
18	2014-11-30	2014-11-30	Kwinana Equifin		486,197	-	
19	2014-11-30	2014-11-30	Tshepo Legodi		-	1,078,908	Supplier allegedly made a false declaration on MBD FORM
			<b>TOTAL IRREGULAR EXPENDITURE</b>		<b>11,767,936</b>	<b>13,336,642</b>	

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>36. Revenue</b>		
Rental of facilities and equipment	89,466	86,454
Miscellaneous other revenue	460,630	518,995
Interest on arrears amounts	1,279,615	174
Interest received - investment	31,083,847	28,430,598
Government grants & subsidies	325,966,366	313,592,000
Public contributions and donations	5,563,200	60,000
Donation of assets	526,774	-
Sundry income	1,769,559	1,843,386
	<b>366,739,457</b>	<b>344,531,607</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Rental of facilities and equipment	89,466	86,454
Miscellaneous other revenue	460,630	518,995
Interest arrears amounts	1,279,615	174
Interest received - investment	31,083,847	28,430,598
	<b>32,913,558</b>	<b>29,036,221</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Government grants & subsidies	325,966,366	313,592,000
Public contributions and donations	5,563,200	60,000
Donations	526,774	-
Sundry income	1,769,559	1,843,386
	<b>333,825,899</b>	<b>315,495,386</b>
<b>37. Depreciation and amortisation</b>		
Property, plant and equipment	7,815,744	7,569,098
Intangible assets	94,526	743,240
	<b>7,910,270</b>	<b>8,312,338</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>38. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Contracted and authorised by accounting officer</b>		
• Dr JS Moroka Fire Station	17,164,084	26,217,024
• Thembisile Hani Fire Station	-	4,179,151
	<b>17,164,084</b>	<b>30,396,175</b>
<b>Total capital commitments</b>		
Contracted and authorised by accounting officer	17,164,084	30,396,175
<b>Authorised operational expenditure</b>		
<b>Contracted and authorised by the accounting officer</b>		
• Victor Khanye	173,759	10,196,041
• Dr J S Moroka	9,315,159	8,486,012
• Emalahleni	20,374,773	15,120,000
• Steve Tshwete	6,433,113	18,843,921
• Emakhazeni	34,132,439	10,276,864
• Thembisile Hani	8,359,469	14,157,904
• Other	13,404,765	11,628,043
	<b>92,193,477</b>	<b>88,708,785</b>
<b>Total operational commitments</b>		
Contracted and authorised by the accounting officer	92,193,477	88,708,785
<b>Total commitments</b>		
Authorised capital expenditure	17,164,084	30,396,175
Authorised operational expenditure	92,193,477	88,708,785
	<b>109,357,561</b>	<b>119,104,960</b>

The district municipality entered into contracts with service providers to construct projects, which will subsequently be transferred to local municipalities on construction completion.

### 39. Going concern

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

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

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### 40. Deviation from supply chain management regulations

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

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

# Nkangala District Municipality

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DEVIATION REPORTS							PAYMENT
NO.	DESCRIPTION OF SERVICES REQUIRED	REQUESTING DEPARTMENT	APPROVED SERVICE PROVIDER	VALUE OF PROJECT / SERVICES / GOODS	REASONS FOR DEVIATION	DATE OF DECISION	DECISION
1	RADIO BROADCAST(SODA)	PUBLIC LIASON	IKWEKWEZI FM	R 10,157.40	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER	09-Jul-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
2	GREAT TRAIN RACE PARTICIPATION	SOCIAL SERVICES	GTR FOR CHARITY	R 11,620.00	THE SERVICE PROVIDER IS THE ONLY ORGANIZATION RESPONSIBLE FOR THE GREAT TRAIN RACE, HENCE IT IS NOT POSSIBLE TO OBTAIN OTHER QUOTATIONS	04-Aug-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
3	DECORATION AT THE INAUGURATION OF THE EXECUTIVE	MAYOR'S OFFICE	DREAM WORX	R 10,533.00	ADDITIONAL WORKS WHICH THE SERVICE PROVIDER HAD TO DO WHICH WERE NOT INCLUDED IN THE INITIAL SCOPE (VARIATION ORDER)	08-Aug-14	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
4	VARIOUS AND PLUMBING FAULTS	SUPPLY CHAIN MANAGEMENT UNIT	HENCOR ELEKTRIES	R 12,875.44	EMERGENCY CALL OUT AND FIXING OF IDENTIFIED FAULTS	15-Aug-14	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
5	ONLINE BACK-UP SOLUTION	ICT UNIT	ITNA	R 222,882.00	THE SERVICE PROVIDER IS CURRENTLY PROVIDING THE SAME SOLUTION FOR NDM FINANCIAL SYSTEM	10-Sep-14	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
6	ALTERATIONS OF OFFICE IN THE FINANCE SECTION	FINANCE	KOROTLA TRADING	R 26,690.00	VARIATION OF CONTRACT REQUEST	17-Sep-14	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
7	LUXURY COUCH FOR THE NDM TORISM TOUR	LED	MPHAKATHI TRANSPORT	R 40,280.00	URGENT REQUEST AFTER 2 UNSUCCESSFUL ADVERTIMENTS	18-Sep-14	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
8	REGISTRATION FEE FOR SA PLANNING INSTITUTE CONFERENCE	DPU	SAPI	R 12,400.00	REGISTERED SERVICE PROVIDER CONDUCTING THE TRAINING	23-Sep-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
9	EMERGENCY SERVICES FOR PLUMBING TO INVESTIGATE AND RESTORE WATER SUPPLY BLOCK H AND COUNCIL CHAMBER	CORPORATE SERVICES	LETHUKUKHANYA CONSTRUCTION	R 10,620.00	URGENT REQUEST OF AN EMERGENCY SITUATION. STRIP AND QUOTE	23-Sep-14	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
10	RENEWAL OF SUBSCRIPTION FEE FOR SABINET ONLINE	CORPORATE SERVICES	SABINET ONLINE LTD	R 37,496.00	ONLY REGISTERED SERVICE PROVIDER ON THE DATABASE SYSTEM THAT RENDER SUCH SERVICES	26-Sep-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
11	REPLACEMENT OF A BURST GEYSER	CORPORATE SERVICES	DREAMFINDERS TRADING AND PROJECTS	R 2,970.00	URGENT REQUEST OF AN EMERGENCY SITUATION. STRIP AND QUOTE	30-Sep-14	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE

# Nkangala District Municipality

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12	AIR QUALITY MANAGEMENT GOVERNANCE LEKGOTLA 2012	SOCIAL SERVICES	NACA	R 6,840.00	REGISTERED SERVICE PROVIDER CONDUCTING THE TRAINING. SINGLE SERVICE PROVIDER	02-Oct-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
13	MUNSOFT WORKSHOP	FINANCE	MUNSOFT	R 27,200.00	REGISTERED SERVICE PROVIDER CONDUCTING THE TRAINING. SINGLE SERVICE PROVIDER	20-Oct-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
14	ADVERTISEMENT OF SECTION 56 MANAGER'S POSITION	CORPORATE SERVICES	BASADZI PERSONNEL	R 78,591.60	URGENT REQUEST TO FILL KEY SENIOR MANAGER POSITION	07-Nov-14	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
15	MARKETING AND ADVERTISING NKANGALA DISTRICT MUNICIPALITY EXPO 2014	LED	VITRO VIAN	R 175,438.60	SOLE PROVIDER FOR THE EVENT	11-Nov-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
16	ONCE-OFF REPAIR AND SERVICING OF PLANTS TLHM	TECHNICAL SERVICES	BELL		MANUFACTURER OF THE MACHINES	11-Nov-14	SINGLE SERVICE PROVIDER IN NDM DATABASE
			TLB 315SJ 4X4 - FDV720MP	R 15,444.12			
			TLB 315SJ 4X4 - FVX817MP	R 15,444.12			
			TLB 315SJ 4X4 - FVX819MP	R 15,444.12			
			TLB 315SJ 4X4 - FVX821MP	R 15,444.12			
			DOZER 700J - PE6068L038103	R 18,912.78			
			DOZER 700J - PE6068L042956	R 18,912.78			
17	TRANSCRIPTIONS OF CCMA HEARING	CORPORATE SERVICES	TOP TRANSCRIPTIONS T/A HR ELEMENTS	R 8,957.20	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	13-Nov-14	SINGLE SERVICE PROVIDER IN NDM DATABASE
18	SIGN LANGUAGE INTERPRETER	TRANSVERSAL UNIT	DEAFSA	R 14,706.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	19-Nov-14	SINGLE SERVICE PROVIDER IN NDM DATABASE
19	SIGN LANGUAGE INTERPRETER	DPU	DEAFSA	R 5,073.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	24-Nov-14	SINGLE SERVICE PROVIDER IN NDM DATABASE
20	RADIO BROADCAST MAYORAL GAMES	PUBLIC LIASON	EMALAHLENI FM	R 25,500.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	24-Nov-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
			IKWEKWEZI FM	R 13,006.50			
				R 8,487.00			
			GMFM	R 17,880.00			
21	SERVICING OF A JCB MACHINE	TECHNICAL SERVICES	KEMACH EQUIPMENT	R 16,290.53	MANUFACTURER OF THE MACHINE	25-Nov-14	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
22	REPAIR OF LEAKING WATER	CORPORATE SERVICES	LETHUKUKHANYA CONSTRUCTION	R 18,680.64	URGENT REQUEST OF AN EMERGENCY SITUATION	15-Dec-14	EMERGENCY

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23	SUPPLY AND DELIVERY OF DIESEL FOR THE ELECTRIC BACK-UP GENERATOR FOR NDM	TECHNICAL SERVICES	MP-JA TRADING ENTERPRISE	R 47,550.00	CALL-OUT BASIS	19-Dec-14	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
24	ACCOMODATION FOR STRATEGIC LEKGOTLA	DPU	KOPANONG HOTEL & CONFERENCE	R 225,445.00	ACCOMODATION ABOVE R200 000.00 WHICH DID NOT GIVE SUFFICIENT TO ADVERTISE THROUGH TENDER	12-Jan-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
25	REGISTRATION FEE FOR SPORTS DEVELOPMENT INDABA IN CAPE TOWN 30 - 31 JANUARY 2015	SOCIAL SERVICES	TARANIS CO ADVISORY CC	R 9,000.00	REGISTERED SERVICE PROVIDER CONDUCTING THE TRAINING	28-Jan-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
26	CPMD TRAINING FOR JE NKOSI	CORPORATE SERVICES	WITS BUSINESS SCHOOL	R 48,500.00	SERVICE PROVIDER PREFERRED FOR THE CONTENT AND IN DEPTH ANALYSIS	28-Jan-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
27	ACCOMODATION	MUNICIPAL MANAGER'S OFFICE FOR 2-4 FEBRUARY 2015	PEERMONT GLOBAL SOUTHERN HIGHVELD T/A WALLMONT AT GRACELAND	R 3,120.00	REGISTERED SERVICE PROVIDER THAT HAS PARALEGIC ROOMS	28-Jan-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
28	ANNUAL RENEWAL OF SUBSCRIPTION OF LIBRARY BOOKS	CORPORATE SERVICES	LEXISNEXIS	R 17,132.02	REGISTERED SERVICE PROVIDER THAT CAN RENDER SUCH SERVICES	29-Jan-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
29	ACCOMODATION FOR PROVINCIAL STRATEGIC LEKGOTLA 14 - 16 FEB 2015 SKUKUZA	MUNICIPAL MANAGER'S OFFICE	PROTEA HOTEL KRUGER GATE	R 4,257.36	REGISTERED SERVICE PROVIDER THAT HAS PARALEGIC ROOMS	05-Feb-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
30	ACCOMODATION FOR STRATEGIC LEKGOTLA	DPU	KOPANONG HOTEL & CONFERENCE	R 24,183.00	ADDITIONAL OFFICIALS THAT WERE NOT INCLUDED ON THE INITIAL REQUEST	09-Feb-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
31	ACCOMODATION FOR PREPARATORY MEETING FOR PROVINCIAL LEKGOTLA MEETING 12 FEBRUARY 2015	MUNICIPAL MANAGER'S OFFICE	SOUTHERN SUN EMNOTWENI	R 1,655.97	REGISTERED SERVICE PROVIDER THAT HAS PARALEGIC ROOMS	11-Feb-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
32	MAINTENANCE AND SERVICE OF VW CAR OF NDM	CORPORATE SERVICES	MCCARTHY VOLKSWAGEN MIDDELBURG	R 29,434.80	STRIP AND QUOTE AND A REGISTERED DEALERSHIP ON THE NDM DATABASE	17-Feb-15	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
33	MAINTENANCE AND SERVICE OF A MAYORALO VEHICLE (MERCEDES) FOR NDM	CORPORATE SERVICES	KUNENE MOTORS HOLDINGS T/A MC CARTHY KUNENE WITBANK	R 26,473.70	STRIP AND QUOTE AND A REGISTERED DEALERSHIP ON THE NDM DATABASE	17-Feb-15	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
34	SIGN LANGUAGE INTERPRETER FOR IDP/LED FORUM	DPU	DEAFSA	R 5,244.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	18-Feb-15	SINGLE SERVICE PROVIDER IN NDM DATABASE

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35	REPAIR AND ALIGNMENT OF THE UPS SERVER SYSTEMS	IT	MEIJI RESTORATION	R 183,385.34	STRIP AND QUOTE, IMPRACTICAL TO FOLLOW SCM PROCEDURES	27-Feb-15	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
36	TRANSCRIPTIONS OF CCMA HEARING	MAYOR'S OFFICE	TOP TRANSCRIPTIONS T/A HR ELEMENTS	R 63,360.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	09-Mar-15	SINGLE SERVICE PROVIDER IN NDM DATABASE
37	CCMA DISCIPLINARY HEARING	MAYOR'S OFFICE	GOLDBERG ATTORNEY	R 15,166.00	APPOINTED BY COUNCIL TO CHAIR DISCIPLINARY HEARINGS	09-Mar-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
38	SIGN LANGUAGE INTERPRETER	DPU	DEAFSA	R 9,576.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	09-Mar-15	SINGLE SERVICE PROVIDER IN NDM DATABASE
39	PROCUREMENT OF LIBRARY BOOKS	CORPORATE SERVICES	ZAKHENI- IKAGENG BOOK	R 26,037.00	ALL THE REQUIRED BOOKS AVAILABLE FROM ONE REGISTERED SERVICE PROVIDER ON THE NDM DATABASE	11-Mar-15	SINGLE SERVICE PROVIDER IN NDM DATABASE
40	CPMD TRAINING TUITION FEES FOR MS T LENGWATI	FINANCE	WITS BUSINESS SCHOOL	R 28,500.00	SERVICE PROVIDER PREFERRED FOR THE CONTENT AND IN DEPTH ANALYSIS	20-Mar-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
41	RADIO ADVERTISEMENT	PUBLIC LIASON	GMFM	R 5,000.00	ADVERTORIAL AVAILABLE FROM SINGLE SERVICE PROVIDER	13-Mar-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
			IKWEKWEZI FM	R 9,900.90			
			MOUTSE	R 16,350.00			
42	CPD TRAINING	FINANCE	ALTIMAX	R 950.00	TRAINING ARRANGED BY AND AVAILABLE FROM SINGLE PROVIDER	03-Mar-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
43	ONSITE DIAGNOSIS FOR THE GIS SERVER	IT	HP SOUTH AFRICA	R 2,642.52	STRIP AND QUOTE	16-Mar-15	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
44	ACCOMODATION FOR 96 EPWP TOURISM AMBASSADOR WORKERS FOR 10 DAYS	LED	PIENAARSDAM	R 171,360.00	DELAYED APPOINTMENT OF TRAINING, IMPRACTICALLY TO FOLLOW SCM PROCESSES	24-Mar-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
			KAMAROSI 14 CC	R 88,400.00			
45	SKILLS GAP TRAINING	CORPORATE SERVICES	UBUNTU PTY LTD	R 17,100.00	SERVICE PROVIDER PREFERRED FOR THE CONTENT AND IN DEPTH ANALYSIS	25-Mar-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
46	PROCUREMENT OF MICROSOFT LICENCE FOR MUNSOFT	ICT	MUNSOFT	R 2,145,965.52	REGISTERD SOLE SERVICE PROVIDER TO RENDER THE REQUIERED SERVICE (SYSTEM OWNER)	26-Mar-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
47	SKILLS GAP TRAINING	CORPORATE SERVICES	WITS BUSINESS SCHOOL	R 28,500.00	SKILLS GAPS TRAINING	20-Mar-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

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48	SIGN LANGUAGE INTERPRETER	FINANCE	DEAFSA	R 5,130.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	07-Apr-15	SINGLE SERVICE PROVIDER IN NDM DATABASE
49	VIDEO RECORDING FOR THE IDP INDABA 16 & 17 MARCH 2015	PUBLIC LIASON	VINTRO EVENTS AND ENTERTAINMENT	R 18,810.00	URGENT REQUEST FOR VIDEO COVERAGE. ONLY SERVICE PROVIDER WITH REQUIRED CAPACITY IN NDM DATABASE AT REASONABLE PRICE	01-Apr-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
50	ANNUAL RENEWAL OF SUBSCRIPTION OF 9 COPIES OF SA SURVEY ISSUES	CORPORATE SERVICES	SAIRR	R 42,550.27	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER	07-Apr-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
51	MEDIA COVERAGE FOR THE IDP INDABA 16 & 17 MARCH 2015	PUBLIC LIASON	MOUTSE	R 8,500.00	ADVERTORIAL AVAILABLE FROM SINGLE SERVICE PROVIDER	08-Apr-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
			GMFM	R 5,000.00			
52	APPOINTMENT OF ACCREDITED TRAINING PROVIDER TO CONDUCT TRAINING OF 120 TOURISM AMBASSADOR AND SAFETY WORKERS ON TOURISM CUSTOMER CARE AND BASIC KNOWLEDGE PARTAINING TO HEALTH AND SAFETY	LED	VPK BUSINESS VENTURE	R 1,496,400.00	APPOINTED AFTER 3 UNSUCCESSFUL ADVERTISEMENT AND SECTION 32 IMPLEMENTATION OF THE PROJECT	10-Apr-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
53	ADDITIONAL HARDWARE THAT NEEDED TO BE INSTALLED ON THE GIS SERVER	ICT	HP SOUTH AFRICA	R 20,977.98	STRIP, QUOTE AND REPAIR	14-Apr-15	REPAIRS & MAINTENANCE - ON STRIP AND QUOTE
54	ACCOMODATION FOR KEVIN ALLARDYCE & ADVOCATE COOK	MAYOR'S OFFICE	THE RIDGE HOTEL	R 14,465.12	REGISTERED SERVICE PROVIDER ON THE DATABASE THAT HAS GOT CONFERENCE FACILITIES	17-Apr-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
55	EXHIBITION STAND FOR THE ANNUAL TOURISM INDABA - DURBAN	LED	PULE'S TRADING ENTEPRISE	R 193,100.00	QUOTATION ADVERTISED AND THERE WERE NO RESPONSIVE BIDDER. HENCE A DEVIATION WAS BROUGHT FORTH BECAUSE IT DID NOT GIVE SUFFICIENT TO RE-ADVERTISE	21-Apr-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
56	EXHIBITION SPACE FOR THE ANNUAL TOURISM INDABA DURBAN	LED	PURE GRIT PROJECT AND EXHIBITION	R 86,082.26	SERVICE REQUIRED IS AVAILABLE FROM A SINGLE SERVICE PROVIDER SINCE THEY WILL BE HOSTING THE EVENT	28-Apr-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES

# Nkangala District Municipality

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## Notes to the Annual Financial Statements

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57	GRAP TRAINING: NDM FINANCE OFFICIALS AND OTHER FINANCE OFFICIALS FROM LOCAL MUNICIPALITIES	FINANCE	ALTIMAX	R 20,000.00	THE TRAINING PROGRAMME WAS SPECIFICALLY DEVELOPED BY ALTIMAX (SOLE REGISTERED SERVICE PROVIDER)	06-May-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
58	SUPPLY, DELIVERY AND REGISTRATION OF FIRE ARMS FOR NKANGALA DISTRICT MUNICIPALITY	MUNICIPAL MANAGER'S OFFICE	KING OF ARMS	R 50,023.00	POSSIBILITY THAT THE SECURITY OF THE STATE COULD BE COMPROMISED AFTER AN UNSUCCESSFUL COMPETITIVE BIDDING	08-May-15	SECURITY OF THE STATE COULD BE COMPROMISED
59	CCMA DISCIPLINARY HEARING	MAYOR'S OFFICE	ALLARDYEE AND PARTNERS	R 198,805.73	APPOINTED BY COUNCIL TO CONDUCT DISCIPLINARY HEARINGS	25-May-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
60	REGISTRATIOON FEE	RISK UNIT	INSTITUTE OF INTERNAL AUDITORS	R 42,322.50	ONLY REGISTERED SERVICES PROVIDER THAT CAN OFFER THE TRAINING	22-Jun-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
61	ACCOMMODATION AT THE RIDGE WITBANK	MAYOR'S OFFICE	THE RIDGE HOTEL	R 13,228.88	REGISTERED SERVICE PROVIDER ON THE DATABASE THAT HAS GOT CONFERENCE FACILITIES	23-Jun-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
62	TRAVEL AND ACCOMODATION OF THE MM FOR THE ATTENDANCE OF THE SALGA NATIONAL MUNICIPAL MANAGERS FORUM ON THE 04-05 JUNE 2015 IN KIMBERLY	MUNICIPAL MANAGER'S OFFICE	SEROLE TRAVEL AGENCY	R 20,510.00	REGISTERED SERVICE PROVIDER THAT CAN OBTAIN PARALEGIC SERVICES OF A CAR, FLIGHT AND ACCOMODATION	29-May-15	IMPRACTICAL TO FOLLOW THE OFFICIAL PROCUREMENT PROCESSES
63	SIGN LANGUAGE INTERPRETER FOR IDP/LED FORUM	DPU	DEAFSA	R 5,130.00	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	09-Jun-15	SINGLE SERVICE PROVIDER IN NDM DATABASE
64	RENEWAL OF SUBSCRIPTION FEE FOR SOWETAN NEWSPAPER	FINANCE	TIMES MEDIA	R 19,828.80	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT CAN RENDER SUCH SERVICES	09-Jun-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
65	TRAINING	RISK MANAGEMENT UNIT	THE INSTITUTE OF INTERNAL AUDITORS SOUTH AFRICA	R 42,322.50	TRAINING AVAILABLE FROM SINGLE PROVIDER	22-Jun-15	SERVICES ARE AVAILABLE FROM A SINGLE A SINGLE SERVICE PROVIDER
66	ACCOMMODATION FOR KEVIN ALLARDYCE & ADVOCATE COOK	MAYOR'S OFFICE	SOUTHERN SUN THE RIDGE HOTEL	R 13,228.88	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT HAS CONFERENCE FACILITIES	23-Jun-15	ONLY REGISTERED SERVICE PROVIDER ON THE NDM DATABASE THAT HAS CONFERENCE FACILITIES
67	SUPPLY AND DELIVERY OF ACCESS CARDS	TECHNICAL SERVICES	DENGARD INDUSTRIAL SUPPLIERS	R 5,106.00	SERVICE REQUIRED IS AVAILABLE FROM A SINGLE SERVICE PROVIDER	24-Jun-15	SINGLE SERVICE PROVIDER IN NDM DATABASE

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Notes to the Annual Financial Statements

Figures in Rand	2015	2014
<b>41. Public contributions and donations</b>		
Public contributions and donations 1	5,563,200	60,000
<b>42. Other revenue</b>		
Discount Received	(68,261)	(104,065)
Grants SETA	(129,591)	(161,359)
Sundry Income VATABLE	(110,042)	(4,233)
Sundry Income not VATABLE	(1,461,665)	(1,573,728)
	<b>(1,769,559)</b>	<b>(1,843,385)</b>

**Nkangala District Municipality**  
**Nkangala District Municipality**  
**Appendix A**

June 2015

**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustments	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	300,000	-	510,000	-	-	-	<b>810,000</b>	-	-	-	-	-	-	810,000
Buildings (Separate for AFS purposes)	58,198,723	-	-	-	-	-	<b>58,198,723</b>	(16,163,397)	-	-	(1,952,942)	-	<b>(18,116,339)</b>	40,082,384
Fire Station (Separate for AFS purposes)	8,314,457	-	-	-	-	-	<b>8,314,457</b>	(880,296)	-	-	(256,712)	-	<b>(1,137,008)</b>	7,177,449
Capital Work in Progres (Separate for AFS purposes)	17,810,171	-	12,823,588	-	-	-	<b>30,633,759</b>	-	-	-	-	-	-	30,633,759
	<b>84,623,351</b>	-	<b>13,333,588</b>	-	-	-	<b>97,956,939</b>	<b>(17,043,693)</b>	-	-	<b>(2,209,654)</b>	-	<b>(19,253,347)</b>	<b>78,703,592</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	2,513,874	-	-	-	-	-	<b>2,513,874</b>	(802,520)	-	-	(250,833)	-	<b>(1,053,353)</b>	1,460,521
Transmission & Reticulation	961,998	-	-	-	-	-	<b>961,998</b>	(549,863)	-	-	(31,004)	-	<b>(580,867)</b>	381,131
	<b>3,475,872</b>	-	-	-	-	-	<b>3,475,872</b>	<b>(1,352,383)</b>	-	-	<b>(281,837)</b>	-	<b>(1,634,220)</b>	<b>1,841,652</b>

**Nkangala District Municipality**  
**Nkangala District Municipality**  
**Appendix A**

June 2015

**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustments	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Specialised vehicles</b>														
Bakkies	6,048,107	-	4,527,331	-	-	-	10,575,438	(1,061,760)	-	-	(846,028)	-	(1,907,788)	8,667,650
Fire	4,055,576	-	-	(125,000)	-	-	3,930,576	(886,047)	-	73,970	(180,455)	-	(992,532)	2,938,044
Vehicles	3,763,413	-	2,612,374	-	-	-	6,375,787	(323,801)	-	-	(353,857)	-	(677,658)	5,698,129
	<b>13,867,096</b>	<b>-</b>	<b>7,139,705</b>	<b>(125,000)</b>	<b>-</b>	<b>-</b>	<b>20,881,801</b>	<b>(2,271,608)</b>	<b>-</b>	<b>73,970</b>	<b>(1,380,340)</b>	<b>-</b>	<b>(3,577,978)</b>	<b>17,303,823</b>
<b>Other assets</b>														
General vehicles	8,193,086	(89,097)	1,231,865	(178,122)	-	-	9,157,732	(3,530,358)	71,279	142,498	(857,394)	-	(4,173,975)	4,983,757
Plant & equipment	1,422,227	-	-	(8,577)	-	-	1,413,650	(768,262)	-	7,784	(152,693)	-	(913,171)	500,479
Computer Equipment	16,185,264	(39,296)	1,025,849	(1,135,411)	-	-	16,036,406	(11,013,511)	17,696	1,100,133	(1,612,518)	-	(11,508,200)	4,528,206
Furniture & appliances	9,181,327	(527)	185,753	(128,123)	-	-	9,238,430	(5,682,296)	266	112,742	(683,204)	-	(6,252,492)	2,985,938
Security measures	1,876,223	-	43,880	-	-	-	1,920,103	(1,018,379)	-	-	(132,998)	-	(1,151,377)	768,726
Emergency equipment	2,957,895	-	1,375,669	(27,863)	-	-	4,305,701	(522,782)	-	27,101	(434,485)	-	(930,166)	3,375,535
Other Assets - Leased	920,200	-	787,687	(920,198)	-	-	787,689	(893,413)	-	920,197	(70,627)	-	(43,843)	743,846
	<b>40,736,222</b>	<b>(128,920)</b>	<b>4,650,703</b>	<b>(2,398,294)</b>	<b>-</b>	<b>-</b>	<b>42,859,711</b>	<b>(23,429,001)</b>	<b>89,241</b>	<b>2,310,455</b>	<b>(3,943,919)</b>	<b>-</b>	<b>(24,973,224)</b>	<b>17,886,487</b>

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**Analysis of property, plant and equipment as at 30 June 2015**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustments	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>														
Land and buildings	84,623,351	-	13,333,588	-	-	-	<b>97,956,939</b>	(17,043,693)	-	-	(2,209,654)	-	<b>(19,253,347)</b>	78,703,592
Infrastructure	3,475,872	-	-	-	-	-	<b>3,475,872</b>	(1,352,383)	-	-	(281,837)	-	<b>(1,634,220)</b>	1,841,652
Specialised vehicles	13,867,096	-	7,139,705	(125,000)	-	-	<b>20,881,801</b>	(2,271,608)	-	73,970	(1,380,340)	-	<b>(3,577,978)</b>	17,303,823
Other assets	40,736,222	(128,920)	4,650,703	(2,398,294)	-	-	<b>42,859,711</b>	(23,429,001)	89,241	2,310,455	(3,943,919)	-	<b>(24,973,224)</b>	17,886,487
	<b>142,702,541</b>	<b>(128,920)</b>	<b>25,123,996</b>	<b>(2,523,294)</b>	-	-	<b>165,174,323</b>	<b>(44,096,685)</b>	<b>89,241</b>	<b>2,384,425</b>	<b>(7,815,750)</b>	-	<b>(49,438,769)</b>	<b>115,735,554</b>
<b>Intangible assets</b>														
Computers - software & programming	1,584,292	-	-	-	-	-	<b>1,584,292</b>	(733,175)	-	-	(94,526)	-	<b>(827,701)</b>	756,591
	<b>1,584,292</b>	-	-	-	-	-	<b>1,584,292</b>	<b>(733,175)</b>	-	-	<b>(94,526)</b>	-	<b>(827,701)</b>	<b>756,591</b>
<b>Investment properties</b>														
<b>Total</b>														
Land and buildings	84,623,351	-	13,333,588	-	-	-	<b>97,956,939</b>	(17,043,693)	-	-	(2,209,654)	-	<b>(19,253,347)</b>	78,703,592
Infrastructure	3,475,872	-	-	-	-	-	<b>3,475,872</b>	(1,352,383)	-	-	(281,837)	-	<b>(1,634,220)</b>	1,841,652
Specialised vehicles	13,867,096	-	7,139,705	(125,000)	-	-	<b>20,881,801</b>	(2,271,608)	-	73,970	(1,380,340)	-	<b>(3,577,978)</b>	17,303,823
Other assets	40,736,222	(128,920)	4,650,703	(2,398,294)	-	-	<b>42,859,711</b>	(23,429,001)	89,241	2,310,455	(3,943,919)	-	<b>(24,973,224)</b>	17,886,487
Intangible assets	1,584,292	-	-	-	-	-	<b>1,584,292</b>	(733,175)	-	-	(94,526)	-	<b>(827,701)</b>	756,591
	<b>144,286,833</b>	<b>(128,920)</b>	<b>25,123,996</b>	<b>(2,523,294)</b>	-	-	<b>166,758,615</b>	<b>(44,829,860)</b>	<b>89,241</b>	<b>2,384,425</b>	<b>(7,910,276)</b>	-	<b>(50,266,470)</b>	<b>116,492,145</b>

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**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustment	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Land and buildings</b>														
Land (Separate for AFS purposes)	300,000	-	-	-	-	-	<b>300,000</b>	-	-	-	-	-	-	300,000
Buildings (Separate for AFS purposes)	66,513,180	-	-	-	-	-	<b>66,513,180</b>	(14,834,043)	-	-	(2,209,654)	-	<b>(17,043,697)</b>	49,469,483
Capital Work in progress (Separate for AFS purposes)	2,899,008	-	14,911,163	-	-	-	<b>17,810,171</b>	-	-	-	-	-	-	17,810,171
	<b>69,712,188</b>	-	<b>14,911,163</b>	-	-	-	<b>84,623,351</b>	<b>(14,834,043)</b>	-	-	<b>(2,209,654)</b>	-	<b>(17,043,697)</b>	<b>67,579,654</b>
<b>Infrastructure</b>														
Roads, Pavements & Bridges	2,513,874	-	-	-	-	-	<b>2,513,874</b>	(551,687)	-	-	(250,833)	-	<b>(802,520)</b>	1,711,354
Transmission & Reticulation	961,998	-	-	-	-	-	<b>961,998</b>	(518,859)	-	-	(31,004)	-	<b>(549,863)</b>	412,135
	<b>3,475,872</b>	-	-	-	-	-	<b>3,475,872</b>	<b>(1,070,546)</b>	-	-	<b>(281,837)</b>	-	<b>(1,352,383)</b>	<b>2,123,489</b>

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**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustment	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Specialised vehicles</b>														
Bakkies	4,508,422	-	1,539,685	-	-	-	<b>6,048,107</b>	(553,966)	-	-	(507,795)	-	<b>(1,061,761)</b>	4,986,346
Fire Vehicles	4,995,576	-	-	(940,000)	-	-	<b>4,055,576</b>	(972,576)	-	323,811	(237,281)	-	<b>(886,046)</b>	3,169,530
	540,145	-	3,223,268	-	-	-	<b>3,763,413</b>	(154,327)	-	-	(169,474)	-	<b>(323,801)</b>	3,439,612
	<b>10,044,143</b>	-	<b>4,762,953</b>	<b>(940,000)</b>	-	-	<b>13,867,096</b>	<b>(1,680,869)</b>	-	<b>323,811</b>	<b>(914,550)</b>	-	<b>(2,271,608)</b>	<b>11,595,488</b>
<b>Other assets</b>														
General vehicles	8,005,200	(89,097)	693,120	(505,234)	-	-	<b>8,103,989</b>	(2,991,428)	71,278	231,908	(770,839)	-	<b>(3,459,081)</b>	4,644,908
Plant & equipment	10,938,546	-	-	(9,516,319)	-	-	<b>1,422,227</b>	(3,556,720)	-	3,601,034	(812,577)	-	<b>(768,263)</b>	653,964
Computer Equipment	17,540,994	(1,122,043)	205,882	(478,865)	-	-	<b>16,145,968</b>	(10,061,635)	219,348	421,606	(1,575,135)	-	<b>(10,995,816)</b>	5,150,152
Furniture & appliances	9,449,874	-	88,095	(357,064)	-	-	<b>9,180,905</b>	(5,262,583)	-	270,654	(690,102)	-	<b>(5,682,031)</b>	3,498,874
Security measures	1,876,223	-	-	-	-	-	<b>1,876,223</b>	(885,390)	-	-	(132,989)	-	<b>(1,018,379)</b>	857,844
Emergency equipment	1,396,846	-	1,561,300	(251)	-	-	<b>2,957,895</b>	(341,613)	-	248	(181,417)	-	<b>(522,782)</b>	2,435,113
Other Assets - Leased	1,032,194	-	1	(111,996)	-	-	<b>920,199</b>	(662,568)	-	111,893	(342,737)	-	<b>(893,412)</b>	26,787
	<b>50,239,877</b>	<b>(1,211,140)</b>	<b>2,548,398</b>	<b>(10,969,729)</b>	-	-	<b>40,607,406</b>	<b>(23,761,937)</b>	<b>290,626</b>	<b>4,637,343</b>	<b>(4,505,796)</b>	-	<b>(23,339,764)</b>	<b>17,267,642</b>



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**Analysis of property, plant and equipment as at 30 June 2014**  
**Cost/Revaluation** **Accumulated depreciation**

	Opening Balance	Opening balance adjustment	Additions	Disposals	Revaluations	Other changes, movements	Closing Balance	Opening Balance	Opening balance adjustments	Disposals	Depreciation	Impairment loss	Closing Balance	Carrying value
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Total property plant and equipment</b>														
Land and buildings	69,712,188	-	14,911,163	-	-	-	<b>84,623,351</b>	(14,834,043)	-	-	(2,209,654)	-	<b>(17,043,697)</b>	67,579,654
Infrastructure	3,475,872	-	-	-	-	-	<b>3,475,872</b>	(1,070,546)	-	-	(281,837)	-	<b>(1,352,383)</b>	2,123,489
Specialised vehicles	10,044,143	-	4,762,953	(940,000)	-	-	<b>13,867,096</b>	(1,680,869)	-	323,811	(914,550)	-	<b>(2,271,608)</b>	11,595,488
Other assets	50,239,877	(1,211,140)	2,548,398	(10,969,729)	-	-	<b>40,607,406</b>	(23,761,937)	290,626	4,637,343	(4,505,796)	-	<b>(23,339,764)</b>	17,267,642
	<b>133,472,080</b>	<b>(1,211,140)</b>	<b>22,222,514</b>	<b>(11,909,729)</b>	-	-	<b>142,573,725</b>	<b>(41,347,395)</b>	<b>290,626</b>	<b>4,961,154</b>	<b>(7,911,837)</b>	-	<b>(44,007,452)</b>	<b>98,566,273</b>
<b>Intangible assets</b>														
Computers - software & programming	469,575	1,114,717	-	-	-	-	<b>1,584,292</b>	(115,923)	(216,749)	(400,503)	-	-	<b>(733,175)</b>	851,117
	<b>469,575</b>	<b>1,114,717</b>	-	-	-	-	<b>1,584,292</b>	<b>(115,923)</b>	<b>(216,749)</b>	<b>(400,503)</b>	-	-	<b>(733,175)</b>	<b>851,117</b>
<b>Total</b>														
Land and buildings	69,712,188	-	14,911,163	-	-	-	<b>84,623,351</b>	(14,834,043)	-	-	(2,209,654)	-	<b>(17,043,697)</b>	67,579,654
Infrastructure	3,475,872	-	-	-	-	-	<b>3,475,872</b>	(1,070,546)	-	-	(281,837)	-	<b>(1,352,383)</b>	2,123,489
Specialised vehicles	10,044,143	-	4,762,953	(940,000)	-	-	<b>13,867,096</b>	(1,680,869)	-	323,811	(914,550)	-	<b>(2,271,608)</b>	11,595,488
Other assets	50,239,877	(1,211,140)	2,548,398	(10,969,729)	-	-	<b>40,607,406</b>	(23,761,937)	290,626	4,637,343	(4,505,796)	-	<b>(23,339,764)</b>	17,267,642
Intangible assets	469,575	1,114,717	-	-	-	-	<b>1,584,292</b>	(115,923)	(216,749)	(400,503)	-	-	<b>(733,175)</b>	851,117
	<b>133,941,655</b>	<b>(96,423)</b>	<b>22,222,514</b>	<b>(11,909,729)</b>	-	-	<b>144,158,017</b>	<b>(41,463,318)</b>	<b>73,877</b>	<b>4,560,651</b>	<b>(7,911,837)</b>	-	<b>(44,740,627)</b>	<b>99,417,390</b>

Nkangala District Municipality

Appendix B

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

June 2015

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/with holding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun	Jul	Sep	Dec	Mar	Jun			
MSIG	National Gov	-	934,000	-	-	-	-	435,159	-	436,744	62,097	-	-	-	-	-	NA	Yes	NA
FMG	National Gov	-	1,250,000	-	-	-	269,369	304,110	312,416	504,530	128,944	-	-	-	-	-	NA	Yes	NA
EPWP	National Gov	-	848,000	637,000	636,000	-	(44,568)	-	-	809,550	1,311,450	-	-	-	-	-	NA	Yes	NA
Rural Asset Management	National Gov	-	1,950,000	-	-	-	1,602,000	-	-	1,399,883	550,117	-	-	-	-	-	NA		
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
		-	4,982,000	637,000	636,000	-	1,826,801	739,269	312,416	3,150,707	2,052,608	-	-	-	-	-			

# Nkangala District Municipality

## Appendix C1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

	2015/2014								2014/2013						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue - Standard</b>															
<b>Governance and administration</b>	<b>342,773,000</b>	<b>5,083,235</b>	<b>347,856,235</b>	-		<b>347,856,235</b>	<b>367,215,664</b>		<b>19,359,428</b>	<b>106 %</b>	<b>107 %</b>				<b>343,996,602</b>
Executive and council	-	5,000	5,000	-		5,000	27,593		22,593	552 %	DIV/0 %				1,263
Budget and treasury office	342,773,000	5,078,235	347,851,235	-		347,851,235	367,188,071		19,336,835	106 %	107 %				343,995,339
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Community and public safety</b>										<b>DIV/0 %</b>	<b>DIV/0 %</b>				
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Economic and environmental services</b>	<b>934,000</b>	<b>-</b>	<b>934,000</b>	<b>-</b>		<b>934,000</b>	<b>934,000</b>		<b>-</b>	<b>100 %</b>	<b>100 %</b>				<b>890,000</b>
Planning and development	934,000	-	934,000	-		934,000	934,000		-	100 %	100 %				890,000
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Trading services</b>										<b>DIV/0 %</b>	<b>DIV/0 %</b>				
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Other</b>										<b>DIV/0 %</b>	<b>DIV/0 %</b>				
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
<b>Total Revenue - Standard</b>	<b>343,707,000</b>	<b>5,083,235</b>	<b>348,790,235</b>	<b>-</b>		<b>348,790,235</b>	<b>368,149,664</b>		<b>19,359,428</b>	<b>106 %</b>	<b>107 %</b>				<b>344,886,602</b>

# Nkangala District Municipality

## Appendix C1

### Budgeted Financial Performance (revenue and expenditure by standard classification) for the year ended 30 June 2015

	2015/2014							2014/2013							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>148,043,927</b>	<b>465,118</b>	<b>148,509,045</b>	-	-	<b>148,509,045</b>	<b>114,940,336</b>	-	<b>(33,568,709)</b>	<b>77 %</b>	<b>78 %</b>	-	-	-	<b>96,440,596</b>
Executive and council	69,633,416	10,196,838	79,830,254	-	-	79,830,254	59,610,150	-	(20,220,104)	75 %	86 %	-	-	-	48,628,331
Budget and treasury office	40,457,227	(576,860)	39,880,367	-	-	39,880,367	31,188,723	-	(8,691,644)	78 %	77 %	-	-	-	19,147,187
Corporate services	37,953,284	(9,154,860)	28,798,424	-	-	28,798,424	24,141,463	-	(4,656,961)	84 %	64 %	-	-	-	28,665,079
<b>Community and public safety</b>	<b>75,978,395</b>	<b>(12,609,754)</b>	<b>63,368,641</b>	-	-	<b>63,368,641</b>	<b>44,080,396</b>	-	<b>(19,288,245)</b>	<b>70 %</b>	<b>58 %</b>	-	-	-	<b>5,590,288</b>
Community and social services	13,665,320	1,017,777	14,683,097	-	-	14,683,097	9,498,664	-	(5,184,433)	65 %	70 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	38,088,588	(6,381,099)	31,707,489	-	-	31,707,489	27,846,434	-	(3,861,055)	88 %	73 %	-	-	-	30,048,381
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	24,224,487	(7,246,432)	16,978,055	-	-	16,978,055	6,735,298	-	(10,242,757)	40 %	28 %	-	-	-	-
<b>Economic and environmental services</b>	<b>248,383,560</b>	<b>(43,363,556)</b>	<b>205,020,004</b>	-	-	<b>205,020,004</b>	<b>174,475,177</b>	-	<b>(30,544,827)</b>	<b>85 %</b>	<b>70 %</b>	-	-	-	<b>27,894,500</b>
Planning and development	227,877,309	(34,757,818)	193,119,491	-	-	193,119,491	135,593,457	-	(57,526,034)	70 %	60 %	-	-	-	254,965,615
Road transport	20,506,251	(8,605,738)	11,900,513	-	-	11,900,513	38,881,720	-	26,981,207	327 %	190 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	27,898,025
<b>Trading services</b>	-	-	-	-	-	-	-	-	-	<b>DIV/0 %</b>	<b>DIV/0 %</b>	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Other</b>	<b>15,984,097</b>	<b>(814,411)</b>	<b>15,169,686</b>	-	-	<b>15,169,686</b>	<b>1,861,383</b>	-	<b>(13,308,303)</b>	<b>12 %</b>	<b>12 %</b>	-	-	-	-
Other	15,984,097	(814,411)	15,169,686	-	-	15,169,686	1,861,383	-	(13,308,303)	12 %	12 %	-	-	-	525,826
<b>Total Expenditure - Standard</b>	<b>488,389,979</b>	<b>(56,322,603)</b>	<b>432,067,376</b>	-	-	<b>432,067,376</b>	<b>335,357,292</b>	-	<b>(96,710,084)</b>	<b>78 %</b>	<b>69 %</b>	-	-	-	<b>418,258,187</b>
<b>Surplus/(Deficit) for the year</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	-	-	<b>(83,277,141)</b>	<b>32,792,372</b>	-	<b>116,069,512</b>	<b>(39)%</b>	<b>(23)%</b>	-	-	-	<b>(73,371,585)</b>

**Nkangala District Municipality**  
**Appendix C2**  
**Budgeted Financial Performance (revenue and expenditure by municipal vote)**  
**for the year ended 30 June 2015**

	2015/2014							2014/2013							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue by Vote</b>															
Executive & Council	-	5,000	5,000	-		5,000	27,953		22,953	559 %	DIV/0 %				1,263
Budget Office	342,773,000	5,078,235	347,851,235	-		347,851,235	367,188,071		19,336,836	106 %	107 %				343,995,339
Planning & Development	934,000	-	934,000	-		934,000	934,000		-	100 %	100 %				890,000
<b>Total Revenue by Vote</b>	<b>343,707,000</b>	<b>5,083,235</b>	<b>348,790,235</b>	<b>-</b>		<b>348,790,235</b>	<b>368,150,024</b>		<b>19,359,789</b>	<b>106 %</b>	<b>107 %</b>				<b>344,886,602</b>
<b>Expenditure by Vote to be appropriated</b>															
Executive & Council	69,633,416	10,196,838	79,830,254	-	-	79,830,254	59,610,150	-	(20,220,104)	75 %	86 %	20,220,103	-	(20,220,103)	48,628,331
Corporate Services	37,953,284	(9,154,860)	28,798,424	-	-	28,798,424	24,141,463	-	(4,656,961)	84 %	64 %	4,656,961	-	(4,656,961)	28,665,079
Budget office	40,457,227	(576,860)	39,880,367	-	-	39,880,367	31,188,723	-	(8,691,644)	78 %	77 %	8,691,644	-	(8,691,644)	19,147,187
Community & Social	13,665,320	1,017,778	14,683,098	-	-	14,683,098	9,498,664	-	(5,184,434)	65 %	70 %	5,184,433	-	(5,184,433)	5,590,288
Public safety	38,088,588	(6,381,099)	31,707,489	-	-	31,707,489	27,846,434	-	(3,861,055)	88 %	73 %	3,861,055	-	(3,861,055)	30,048,381
Planning & Development	227,877,309	(34,757,818)	193,119,491	-	-	193,119,491	135,593,457	-	(57,526,034)	70 %	60 %	57,526,033	-	(57,526,033)	254,965,615
Health	24,224,487	(7,246,433)	16,978,054	-	-	16,978,054	6,735,298	-	(10,242,756)	40 %	28 %	10,242,757	-	(10,242,757)	2,789,455
Other	15,984,097	(814,411)	15,169,686	-	-	15,169,686	1,861,382	-	(13,308,304)	12 %	12 %	13,308,304	-	(13,308,304)	525,826
Transport	20,506,251	(8,605,738)	11,900,513	-	-	11,900,513	38,881,720	-	26,981,207	327 %	190 %	(26,961,207)	-	26,961,207	27,898,025
<b>Total Expenditure by Vote</b>	<b>488,389,979</b>	<b>(56,322,603)</b>	<b>432,067,376</b>	<b>-</b>	<b>-</b>	<b>432,067,376</b>	<b>335,357,292</b>	<b>-</b>	<b>(96,710,085)</b>	<b>78 %</b>	<b>69 %</b>	<b>96,730,083</b>	<b>-</b>	<b>(96,730,083)</b>	<b>418,258,187</b>
<b>Surplus/(Deficit) for the year</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	<b>-</b>		<b>(83,277,141)</b>	<b>32,792,732</b>		<b>116,069,874</b>	<b>(39)%</b>	<b>(23)%</b>				<b>(73,371,585)</b>

**Nkangala District Municipality**  
**Appendix C3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2015**

	2015/2014							2014/2013							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Revenue By Source</b>															
Property rates	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Service charges - refuse revenue	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Service charges - other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Rental of facilities and equipment	110,000	(23,000)	87,000	-	-	87,000	89,466	2,466	103 %	81 %	-	-	-	86,454	
Interest earned - external investments	17,435,000	(3,150,000)	14,285,000	-	-	14,285,000	31,083,847	16,798,847	218 %	178 %	-	-	-	28,430,598	
Interest earned - outstanding debtors	5,000	(5,000)	-	-	-	-	1,279,615	1,279,615	DIV/0 %	25,592 %	-	-	-	174	
Dividends received	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Fines	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Licences and permits	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Agency services	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
Transfers recognised - operational	324,272,000	2,188,035	326,460,035	-	-	326,460,035	325,966,366	(493,669)	100 %	101 %	-	-	-	313,592,000	
Other revenue	1,885,000	5,563,000	7,448,000	-	-	7,448,000	9,174,312	1,726,312	123 %	487 %	-	-	-	2,777,377	
Gains on disposal of PPE	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>343,707,000</b>	<b>4,573,035</b>	<b>348,280,035</b>	<b>-</b>	<b>-</b>	<b>348,280,035</b>	<b>367,593,606</b>	<b>19,313,571</b>	<b>106 %</b>	<b>107 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,886,603</b>	

**Nkangala District Municipality**  
**Appendix C3**  
**Budgeted Financial Performance (revenue and expenditure)**  
**for the year ended 30 June 2015**

	2015/2014								2014/2013						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Expenditure By Type</b>															
Employee related costs	117,698,706	(9,804,768)	107,893,938	-	(3,796,900)	104,097,038	73,261,494	-	(30,835,544)	70 %	62 %	-	-	-	55,900,067
Remuneration of councillors	16,826,270	-	16,826,270	-	(248,500)	16,577,770	12,691,037	-	(3,886,733)	77 %	75 %	-	-	-	11,598,147
Debt impairment	15,000	(15,000)	-	-	-	-	-	-	-	DIV/0 %	- %	-	-	-	-
Depreciation & asset impairment	9,572,171	(1,347,171)	8,225,000	-	398,900	8,623,900	7,910,269	-	(713,631)	92 %	83 %	-	-	-	8,312,338
Finance charges	4,399,607	(600,000)	3,799,607	-	1,282,500	5,082,107	4,490,939	-	(591,168)	88 %	102 %	-	-	-	5,446,678
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	804,071	(79,710)	724,361	-	(26,550)	697,811	183,150	-	(512,661)	26 %	23 %	-	-	-	299,120
Contracted services	15,014,876	(3,722,610)	11,292,266	-	1,133,470	12,425,736	9,162,941	-	(3,262,795)	74 %	61 %	-	-	-	4,275,444
Transfers and grants	245,808,826	(55,834,877)	189,973,949	-	3,954,654	193,928,603	161,930,453	-	(31,998,150)	84 %	66 %	-	-	-	238,778,699
Other expenditure	78,250,451	15,081,533	93,331,984	-	(2,813,124)	90,518,860	65,668,147	-	(24,850,713)	73 %	84 %	-	-	-	86,706,105
Loss on disposal of PPE	-	-	-	-	115,550	115,550	29,578	-	(85,972)	26 %	DIV/0 %	-	-	-	6,941,589
<b>Total Expenditure</b>	<b>488,389,979</b>	<b>(56,322,603)</b>	<b>432,067,376</b>	<b>-</b>	<b>-</b>	<b>432,067,576</b>	<b>335,328,008</b>	<b>-</b>	<b>(96,737,367)</b>	<b>78 %</b>	<b>69 %</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>418,258,187</b>
<b>Surplus/(Deficit)</b>	<b>(144,682,979)</b>	<b>60,895,838</b>	<b>(83,787,341)</b>	<b>-</b>	<b>-</b>	<b>(83,787,541)</b>	<b>32,265,598</b>	<b>-</b>	<b>116,050,938</b>	<b>(39)%</b>	<b>(22)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,371,584)</b>
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributions recognised - capital	-	510,000	510,000	-	-	510,000	526,774	-	16,774	103 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	<b>-</b>	<b>-</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>-</b>	<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,371,584)</b>
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	<b>-</b>	<b>-</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>-</b>	<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,371,584)</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	<b>-</b>	<b>-</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>-</b>	<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,371,584)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(144,682,979)</b>	<b>61,405,838</b>	<b>(83,277,141)</b>	<b>-</b>	<b>-</b>	<b>(83,277,141)</b>	<b>32,792,372</b>	<b>-</b>	<b>116,069,513</b>	<b>(39)%</b>	<b>(23)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(73,371,584)</b>

# Nkangala District Municipality

## Appendix C4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2015

	2015/2014									2014/2013					
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital expenditure - Vote</b>															
<b>Multi-year expenditure</b>															
Executive & Council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate Services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget Office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community & Social	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Planning & Development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	-	-	-	-	-	-	-	-	-	<b>DIV/0 %</b>	<b>DIV/0 %</b>	-	-	-	-
<b>Single-year expenditure</b>															
Executive & Council	1,540,000	1,170,000	2,710,000	-	-	2,710,000	2,002,421	-	(707,579)	74 %	130 %	-	-	-	210,312
Corporate Services	4,189,500	(1,796,384)	2,393,116	-	-	2,393,116	1,571,185	-	(821,931)	66 %	38 %	-	-	-	44,744
Budget Office	312,518	-	312,518	-	-	312,518	168,009	-	(144,509)	54 %	54 %	-	-	-	38,921
Community & Social	78,067	-	78,067	-	-	78,067	-	-	(78,067)	- %	- %	-	-	-	-
Public Safety	26,912,255	(355,782)	26,556,473	-	-	26,556,473	21,332,144	-	(5,224,329)	80 %	79 %	-	-	-	21,928,535
Planning & Development	20,720	-	20,720	-	-	20,720	20,607	-	(113)	99 %	99 %	-	-	-	-
Health	800,000	475,000	1,275,000	-	-	1,275,000	29,629	-	(1,245,371)	2 %	4 %	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>33,853,060</b>	<b>(507,166)</b>	<b>33,345,894</b>	-	-	<b>33,345,894</b>	<b>25,123,995</b>	-	<b>(8,221,899)</b>	<b>75 %</b>	<b>74 %</b>	-	-	-	<b>22,222,512</b>
<b>Total Capital Expenditure - Vote</b>	<b>33,853,060</b>	<b>(507,166)</b>	<b>33,345,894</b>	-	-	<b>33,345,894</b>	<b>25,123,995</b>	-	<b>(8,221,899)</b>	<b>75 %</b>	<b>74 %</b>	-	-	-	<b>22,222,512</b>



# Nkangala District Municipality

## Appendix C4

### Budgeted Capital Expenditure by vote, standard classification and funding for the year ended 30 June 2015

	2015/2014								2014/2013						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>6,042,018</b>	<b>(626,384)</b>	<b>5,415,634</b>	-	-	<b>5,415,634</b>	<b>3,741,615</b>	-	<b>(1,674,019)</b>	<b>69 %</b>	<b>62 %</b>	-	-	-	<b>293,977</b>
Executive and council	1,540,000	1,170,000	2,710,000	-	-	2,710,000	2,002,421	-	(707,579)	74 %	130 %	-	-	-	249,233
Budget and treasury office	312,518	-	312,518	-	-	312,518	168,009	-	(144,509)	54 %	54 %	-	-	-	-
Corporate services	4,189,500	(1,796,384)	2,393,116	-	-	2,393,116	1,571,185	-	(821,931)	66 %	38 %	-	-	-	44,744
<b>Community and public safety</b>	<b>27,790,342</b>	<b>119,218</b>	<b>27,909,560</b>	-	-	<b>27,909,560</b>	<b>21,361,773</b>	-	<b>(6,547,787)</b>	<b>77 %</b>	<b>77 %</b>	-	-	-	<b>21,928,535</b>
Community and social services	78,087	-	78,087	-	-	78,087	-	-	(78,087)	- %	- %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	26,912,255	(355,782)	26,556,473	-	-	26,556,473	21,332,144	-	(5,224,329)	80 %	79 %	-	-	-	21,928,535
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	800,000	475,000	1,275,000	-	-	1,275,000	29,629	-	(1,245,371)	2 %	4 %	-	-	-	-
<b>Economic and environmental services</b>	<b>20,720</b>	<b>-</b>	<b>20,720</b>	-	-	<b>20,720</b>	<b>20,607</b>	-	<b>(113)</b>	<b>99 %</b>	<b>99 %</b>	-	-	-	<b>-</b>
Planning and development	20,720	-	20,720	-	-	20,720	20,607	-	(113)	99 %	99 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Trading services</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	-	-	-	<b>-</b>
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	-	-	-	<b>-</b>
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>33,853,080</b>	<b>(507,166)</b>	<b>33,345,914</b>	-	-	<b>33,345,914</b>	<b>25,123,995</b>	-	<b>(8,221,919)</b>	<b>75 %</b>	<b>74 %</b>	-	-	-	<b>22,222,512</b>
<b>Funded by:</b>															
National Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Provincial Government	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
<b>Transfers recognised - capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	-	-	<b>-</b>	<b>-</b>	-	<b>-</b>	<b>DIV/0 %</b>	<b>DIV/0 %</b>	-	-	-	<b>-</b>
Public contributions & donations	-	510,000	510,000	-	-	510,000	526,774	-	16,774	103 %	DIV/0 %	-	-	-	-
Borrowing	-	-	-	-	-	-	787,687	-	787,687	DIV/0 %	DIV/0 %	-	-	-	-
Internally generated funds	33,853,060	(1,017,166)	32,835,894	-	-	32,835,894	23,809,533	-	(9,026,361)	73 %	70 %	-	-	-	22,222,512
<b>Total Capital Funding</b>	<b>33,853,060</b>	<b>(507,166)</b>	<b>33,345,894</b>	-	-	<b>33,345,894</b>	<b>25,123,994</b>	-	<b>(8,221,900)</b>	<b>75 %</b>	<b>74 %</b>	-	-	-	<b>22,222,512</b>

**Nkangala District Municipality  
Unaudited Schedule 1  
Budgeted Cash Flows  
for the year ended 30 June 2015**

**2015/2014**

**2014**

	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
<b>Cash flow from operating activities</b>									
<b>Receipts</b>									
Ratepayers and other	1,995,000	435,104	2,430,104	2,430,104	72,376,367	69,946,263	2,978 %	3,628 %	38,899,710
Government - operating	324,272,000	(9,620,000)	314,652,000	314,652,000	328,960,035	14,308,035	105 %	101 %	314,592,000
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	17,440,000	1,120,000	18,560,000	18,560,000	32,363,462	13,803,462	174 %	186 %	28,430,772
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
<b>Payments</b>									
Suppliers and employees	(228,594,374)	8,083,262	(220,511,112)	(220,511,112)	(189,752,510)	30,758,602	86 %	83 %	(170,825,549)
Finance charges	(4,399,607)	-	(4,399,607)	(4,399,607)	(4,490,939)	(91,332)	102 %	102 %	(5,446,678)
Transfers and Grants	(245,808,826)	(76,959,449)	(322,768,275)	(322,768,275)	(161,930,453)	160,837,822	50 %	66 %	(238,778,699)
<b>Net cash flow from/used operating activities</b>	<b>(135,095,807)</b>	<b>(76,941,083)</b>	<b>(212,036,890)</b>	<b>(212,036,890)</b>	<b>77,525,962</b>	<b>289,562,852</b>	<b>(37)%</b>	<b>(57)%</b>	<b>(33,128,444)</b>
<b>Cash flow from investing activities</b>									
<b>Receipts</b>									
Proceeds on disposal of PPE	-	-	-	-	109,291	109,291	DIV/0 %	DIV/0 %	5,955
Decrease (increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	33,756,425	33,756,425	DIV/0 %	DIV/0 %	(2,671,091)
<b>Payments</b>									
Capital assets	(33,853,060)	507,166	(33,345,894)	(33,345,894)	(24,597,221)	8,748,673	74 %	73 %	(22,222,512)
<b>Net cash flow from/used investing activities</b>	<b>(33,853,060)</b>	<b>507,166</b>	<b>(33,345,894)</b>	<b>(33,345,894)</b>	<b>9,268,495</b>	<b>42,614,389</b>	<b>(28)%</b>	<b>(27)%</b>	<b>(24,887,648)</b>
<b>Cash flow from financing activities</b>									
<b>Receipts</b>									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
<b>Payments</b>									
Repayment of borrowing	(6,129,882)	-	(6,129,882)	(6,129,882)	(19,540,750)	(13,410,868)	319 %	319 %	(6,253,300)
<b>Net cash flow from/used financing activities</b>	<b>(6,129,882)</b>	<b>-</b>	<b>(6,129,882)</b>	<b>(6,129,882)</b>	<b>(19,540,750)</b>	<b>(13,410,868)</b>	<b>319 %</b>	<b>319 %</b>	<b>(6,253,300)</b>
<b>Net increase/(decrease) in cash held</b>	<b>206,365,432</b>	<b>(76,433,917)</b>	<b>466,052,228</b>	<b>466,052,228</b>	<b>67,253,707</b>	<b>(398,798,521)</b>	<b>14 %</b>	<b>33 %</b>	<b>(64,269,392)</b>
Cash/cash equivalents at the year begin:					401,782,836				466,052,227
<b>Cash/cash equivalents at the year end:</b>	<b>31,286,682</b>	<b>(76,433,917)</b>	<b>214,539,562</b>	<b>214,539,562</b>	<b>469,036,543</b>	<b>318,766,373</b>	<b>219 %</b>	<b>1,499 %</b>	<b>401,782,837</b>

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

### Annexure 2

#### Interpretation of results

#### Nkangala District Municipality

The green indicate that the results is within the norm

The red indicate that the result is not within the acceptable norms and corrective action plans should be prepared

RATIO	FORMULA	DATA SOURCE	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS 2015	DATA INPUTS AND RESULTS 2014		
					" R 000 "	" R 000 "		
<b>1. FINANCIAL POSITION</b>								
<b>A. Asset Management/Utilisation</b>								
1	Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) × 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		7%	5%	
					Total Operating Expenditure	335,298	410,772	
					Taxation Expense	-	-	
				Total Capital Expenditure	25,124	22,223		
2	Impairment of Property, Plant and Equipment, Investment Property and	Property, Plant and Equipment + Investment Property + Intangible Assets Impairment/(Total Property, Plant and	Statement of Financial Position, Notes to the AFS and AR	0%		7%	8%	
					PPE, Investment Property and Intangible Impairment	7,910	8,312	
					PPE at carrying value	115,736	98,566	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

	Intangible assets (Carrying Value)	Equipment + Investment Property + Intangible Assets x 100			Investment at carrying value	-	-	
					Intangible Assets at carrying value	757	851	
3	Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	Total Repairs and Maintenance Expenditure/Property, Plant and Equipment and Investment Property (Carrying value) x 100	Statement of Financial Position, Statement of Financial Performance, IDP, Budgets and In-Year Reports	8%		7%	4%	
					Total Repairs and Maintenance Expenditure	8,132	4,094	
					PPE at carrying value	115,736	98,566	
					Investment Property at Carrying value	-	-	
<b>B. Debtors Management</b>								
1	Collection Rate	(Gross Debtors Closing Balance + Billed Revenue - Gross Debtors Opening Balance - Bad Debts Written Off)/Billed Revenue x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year Reports, IDP and AR	95%		147%	141%	
					Gross Debtors closing balance	-	18	
					Gross Debtors opening balance	42	65	
					Bad debts written Off	-	12	
					Billed Revenue	89	86	
2	Bad Debts Written-off as % of Provision for Bad Debt	Bad Debts Written-off/Provision for Bad debts x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR	100%		#DIV/0!	#DIV/0!	
					Consumer Debtors Bad debts written off	-	12	
					Consumer Debtors Current bad debt Provision	-	-	
3	Net Debtors Days			30 days		0 days	76 days	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

		((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue) × 365	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget and AR		Gross debtors	-	18	
					Bad debts Provision	-	-	
					Billed Revenue	89	86	
<b>C. Liquidity Management</b>								
						17 Month	12 Month	
1	Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months	Cash and cash equivalents	469,037	401,783	
					Unspent Conditional Grants	3,994	1,000	
					Overdraft	-	-	
					Short Term Investments	-	-	
					Total Annual Operational Expenditure	335,298	410,772	
2	Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		23.33	14.17	
					Current Assets	607,503	591,070	
					Current Liabilities	26,036	41,723	
<b>D. Liability Management</b>								
1	Capital Cost (Interest Paid and Redemption) as a % of Total	Capital Cost (Interest Paid and Redemption) / Total Operating Expenditure x 100	Statement of Financial Position, Statement of Cash Flows, Statement of	6% - 8%		7%	3%	
					Interest Paid	4,491	5,447	
					Redemption	19,541	6,253	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

	Operating Expenditure		Financial Performance, Budget, IDP, In-Year Reports and AR		Total Operating Expenditure	335,298	410,772	
					Taxation Expense	-	-	
							4%	10%
		(Overdraft + Current Finance Lease Obligation + Non current Finance Lease Obligation + Short Term Borrowings + Long term borrowing) / (Total Operating Revenue - Operational Conditional Grants) x 100	Statement of Financial Position, Statement of Financial Performance, Budget, IDP and AR	45%	Total Debt	15,022	34,562	
2	Debt (Total Borrowings) / Revenue				Total Operating Revenue	366,739	344,532	
					Operational Conditional Grants	7,950	4,742	
<b>E. Sustainability</b>								
						#DIV/0!	#DIV/0!	
		(Cash and Cash Equivalents - Bank overdraft + Short Term Investment + Long Term Investment - Unspent grants) / (Net Assets - Accumulated Surplus - Non Controlling Interest Share Premium - Share Capital - Fair Value Adjustment - Revaluation Reserve) x 100	Statement of Financial Position, Budget and AR	100%	Cash and cash Equivalents	469,037	401,783	
1	Level of Cash Backed Reserves (Net Assets - Accumulated Surplus)				Bank Overdraft	-	-	
					Short Term Investment	-	-	
					Long Term Investment	-	33,756	
					Unspent Grants	3,393	1,000	
					Net Assets	649,100	616,307	
					Share Premium	-	-	
					Share Capital	-	-	
					Revaluation Reserve	-	-	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

					Fair Value Adjustment Reserve	-	-	
					Accumulated Surplus	649,100	616,307	
<b>2. FINANCIAL PERFORMANCE</b>								
<b>A. Efficiency</b>								
						11%	-17%	
1	Net Operating Surplus Margin	(Total Operating Revenue - Total Operating Expenditure)/Total Operating Revenue	Statement of Financial Performance, Budget, In-Year reports, AR, Statement of Comparison of Budget and Actual Amounts and Statement of Changes in Net Asset	= or > 0%	Total Operating Revenue	366,739	344,532	
					Depreciation - Revalued Portion <i>(Only populate if depreciation line item in the Statement of Financial Performance is based on the revalued asset value)</i>	7,910	8,312	
					Total Operating Expenditure	335,298	410,722	
					Taxation Expense	-	-	
2	Net Surplus /Deficit Electricity	Total Electricity Revenue less Total Electricity Expenditure/Total Electricity Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	0% - 15%		#DIV/0!	#DIV/0!	Not applicable
					Total Electricity Revenue			
					Total Electricity Expenditure			
3	Net Surplus /Deficit Water	Total Water Revenue less Total Water Expenditure/Total Water Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		#DIV/0!	#DIV/0!	Not applicable
					Total Water Revenue			
					Total Water Expenditure			

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

4	Net Surplus /Deficit Refuse	Total Refuse Revenue less Total Refuse Expenditure/Total Refuse Revenue × 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= or > 0%		#DIV/0!	#DIV/0!	Not applicable
					Total Refuse Revenue			
					Total Refuse Expenditure			
5	Net Surplus /Deficit Sanitation and Waste Water	Total Sanitation and Waste Water Revenue less Total Sanitation and Waste Water Expenditure/Total Sanitation and Waste Water Revenue × 100	Statement of Financial Performance, Notes to AFS, Budget, IDP, In-Year reports and AR	= or > 0%		#DIV/0!	#DIV/0!	Not applicable
					Total Sanitation and Waste Water Revenue			
					Total Sanitation and Waste Water Expenditure			Not applicable
<b>B. Distribution Losses</b>								
1	Electricity Distribution Losses (Percentage)	(Number of Electricity Units Purchased and/or Generated - Number of units sold) / Number of Electricity Units Purchased and/or generated) × 100	Annual Report, Audit Report and Notes to Annual Financial Statements	7% - 10%		#DIV/0!	#DIV/0!	Not applicable
					Number of units purchased and/or generated	-	-	
					Number of units sold	-	-	Not applicable
2	Water Distribution Losses (Percentage)	(Number of Kilolitres Water Purchased or Purified - Number of	Annual Report, Audit Report and Notes to Annual	15% - 30%		#DIV/0!	#DIV/0!	Not applicable
					Number of kilolitres purchased and/or purified	-	-	

\* See Note 30



# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

		Kilolitres Water Sold) / Number of Kilolitres Water Purchased or Purified x 100	Financial Statements		Number of kilolitres sold	-	-	Not applicable
<b>C. Revenue Management</b>								
1	Growth in Number of Active Consumer Accounts	(Period under review's number of Active Debtor Accounts - previous period's number of Active Debtor Accounts) / previous number of Active Debtor Accounts x 100	Debtors System	None		0%	-67%	
					Number of Active Debtors Accounts (Previous)	1	3	
					Number of Active Debtors Accounts (Current)	1	1	
2	Revenue Growth (%)	(Period under review's Total Revenue - previous period's Total Revenue) / previous period's Total Revenue ) x 100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	= CPI		6%	4%	
					CPI	5%	7%	
					Total Revenue (Previous)	344,532	330,153	
					Total Revenue (Current)	366,739	344,532	
3	Revenue Growth (%) - Excluding capital grants	(Period under review's Total Revenue Excluding capital grants-previous period's Total Revenue excluding capital grants) / previous period's Total Revenue excluding capital grants ) x 100	Statement of Financial Performance, Notes to AFS , Budget, IDP, In-Year reports and AR	= CPI		6%	4%	
					CPI	5%	7%	
					Total Revenue Excl.Capital (Previous)	344,532	330,153	
					Total Revenue Excl.Capital (Current)	366,213	344,532	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

D. Expenditure Management							
					22 days	28 days	
1	Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days			
					Trade Creditors	15,701	27,298
					Contracted Services	1,031	181
					Repairs and Maintenance	8,132	4,094
					General expenses	228,812	325,421
					Bulk Purchases	-	-
					Capital Credit Purchases (Capital Credit Purchases refers to additions of Investment Property and Property, Plant and Equipment)	25,124	22,223
2	Irregular, Fruitless and Unauthorised Expenditure / Total Operating Expenditure	(Irregular, Fruitless and Wasteful and Unauthorised Expenditure) / Total Operating Expenditure x100	Statement Financial Performance, Notes to Annual Financial Statements and AR	0%		4%	3%
					Irregular, Fruitless and Wasteful and Unauthorised Expenditure	14,258	10,567
					Total Operating Expenditure	335,298	410,772
					Taxation Expense	-	-
3						26%	16%

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

	Remuneration as % of Total Operating Expenditure	Remuneration (Employee Related Costs and Councillors' Remuneration) / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	25% - 40%	Employee/personnel related cost	73,261	55,900	
					Councillors Remuneration	12,691	11,598	
					Total Operating Expenditure	335,298	410,772	
					Taxation Expense	-	-	
						0%	0%	
4	Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%	Contracted Services	1,031	181	
					Total Operating Expenditure	335,298	410,772	
					Taxation Expense	-	-	
<b>E. Grant Dependency</b>								
1	Own funded Capital Expenditure (Internally generated funds + Borrowings) to Total Capital Expenditure	Own funded Capital Expenditure (Internally generated funds + Borrowings) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information), Budget, IDP, In-Year reports and AR	None		100%	100%	
					Internally generated funds	24,337	22,223	
					Borrowings	788	-	
					Total Capital Expenditure	25,124	22,223	
2				None		97%	100%	

\* See Note 30

# Nkangala District Municipality

Annual Financial Statements for the year ended 30 June 2015

## Supplementary Information

	Own funded Capital Expenditure (Internally Generated Funds) to Total Capital Expenditure	Own funded Capital Expenditure (Internally Generated Funds) / Total Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, Notes to the Annual Financial Statements (Statement of Comparative and Actual Information) Budget, IDP, In-Year reports and AR		Internally generated funds	24,337	22,223	
					Total Capital Expenditure	25,124	22,223	
						9%	9%	
3	Own Source Revenue to Total Operating Revenue(Including Agency Revenue)	Own Source Revenue (Total revenue - Government grants and Subsidies - Public Contributions and Donations)/ Total Operating Revenue (including agency services) x 100	Statement Financial Performance, Budget, IDP, In-Year reports and AR	None	Total Revenue	366,739	344,532	
					Government grant and subsidies	325,966	313,592	
					Public contributions and Donations	6,090	60	
					Capital Grants	-	-	
<b>3. BUDGET IMPLEMENTATION</b>								
						75%	51%	
1	Capital Expenditure Budget Implementation Indicator	Actual capital Expenditure / Budget Capital Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, In-Year reports and AR	95% - 100%	Actual Capital Expenditure	25,123	22,223	
					Budget Capital Expenditure	33,346	43,234	
2						78%	69%	

\* See Note 30

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## Supplementary Information

	Operating Expenditure Budget Implementation Indicator	Actual Operating Expenditure / Budgeted Operating Expenditure x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%	Actual Operating Expenditure	335,298	410,772	
					Budget Operating Expenditure	432,067	599,667	
3	Operating Revenue Budget Implementation Indicator	Actual Operating Revenue / Budget Operating Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		105%	103%	
					Actual Operating Revenue	366,739	344,532	
					Budget Operating Revenue	348,280	335,642	
4	Service Charges and Property Rates Revenue Budget Implementation Indicator	Actual Service Charges and Property Rates Revenue / Budget Service Charges and Property Rates Revenue x 100	Statement of Financial Position, Budget, AFS Appendices, IDP, In-Year reports and AR	95% - 100%		#DIV/0!	#DIV/0!	Not applicable
					Actual Service Charges and Property Rates Revenue	-	-	Not applicable
					Budget Service Charges and Property Rates Revenue	-	-	Not applicable

\* See Note 30

# **Nkangala District Municipality**

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## **Supplementary Information**

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\* See Note 30