

BLUE CRANE ROUTE MUNICIPALITY(EC102)



Audited
Annual Financial Statements for the
year ended 30 June 2016

AUDITOR - GENERAL
SOUTH AFRICA

14 DEC 2016

Blue Crane Route Municipality

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General Information

Legal form of entity	Local Municipality
Nature of business and principal activities	Local Government
The following is included in the scope of operation	Service Delivery
Council members	
Mayor	NM Scott
Councillors	BA Manxoweni KC Brown CFB Du Preez WH Greeff M Nontyi NG Mjikelo Z Funiselo NP Yantolo MK Mali RM Bradfield
Accounting Officer	Thabiso Klaas
Chief Finance Officer (CFO)	GJ Goliath
Registered office	67 Nojoli Street Somerset East 5850
Postal address	P.O. Box 21 Somerset East 5850
Auditors	Auditor General
Bankers	ABSA
Attorneys	Nolte Smit Attorneys

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act

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Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) And the Municipal Finance Management Act (MFMA) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors.

The annual financial statements set out on the following pages have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2016 and were signed by him.

The accounting officer hereby certify as required by Section 124(1)(a) of the Municipal Finance Management Act (Act 56 of 2003) that the salaries, allowances and benefits of political office-bearers and councillors of the Blue Crane Route Municipality, whether financial or in kind, are within the upper limits of the framework envisaged in section 219 of the Constitution.



Thabiso Klas
Accounting Officer
24 November 2016

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STATEMENT OF FINANCIAL POSITION

	Notes	2016 R	2015 R (Restated)
ASSETS			
Current assets			
Other financial assets	4	3 094	2 943
Inventories	6	871 461	1 136 730
Other receivables from exchange transactions	7	1 148 855	3 309 113
Other receivables from non-exchange transactions	8	5 407 784	4 227 031
Trade receivables from exchange transactions	9	18 839 998	17 785 907
Cash and cash equivalents	10	14 112 575	11 118 836
		<u>40 383 767</u>	<u>37 580 560</u>
Non-current assets			
Investment property carried at fair value	11	95 004 215	69 535 377
Property, plant and equipment	12	592 086 523	614 817 596
Intangible assets	13	6 929	11 620
Heritage assets	14	458 067	458 067
Other financial assets	4	9 655	12 749
		<u>687 565 389</u>	<u>684 835 409</u>
Total assets		<u>727 949 156</u>	<u>722 415 969</u>
LIABILITIES			
Current liabilities			
Employee benefit obligation	15	500 364	508 224
Other financial liabilities	16	12 080 824	2 716 448
Finance lease obligation	17	1 133 396	1 066 331
Unspent conditional grants and receipts	18	6 339 006	1 210 503
Payables from exchange transactions	20	21 889 402	20 540 404
Trade and other payables from non-exchange	21	254 717	142 547
VAT payable	22	2 772 563	2 174 196
Consumer deposits	23	2 462 971	2 238 006
		<u>47 433 243</u>	<u>30 596 659</u>
Non-current liabilities			
Employee benefit obligation	15	19 917 797	19 053 346
Other financial liabilities	16	2 779 316	11 526 565
Finance lease obligation	17	2 288 219	3 421 279
Provisions	19	23 630 602	21 622 930
		<u>48 615 934</u>	<u>55 624 120</u>
Total liabilities		<u>96 049 177</u>	<u>86 220 779</u>
Net assets		<u>631 899 979</u>	<u>636 195 190</u>
Accumulated surplus		<u>631 899 979</u>	<u>636 195 190</u>

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STATEMENT OF FINANCIAL PERFORMANCE

		2016 R	2015 R (Restated)
Revenue			
Property rates	26	10 097 775	9 054 976
Service charges	27	97 432 081	90 568 975
Rental of facilities and equipment	25	62 666	45 405
Interest received (trading)	25	3 152 852	3 185 589
Interest received	28	1 446 111	819 974
Income from agency services	25	675 918	600 079
Fines	25	59 980	39 788
Licences and permits	25	745 197	802 412
Government grants and subsidies	29	70 588 771	72 544 675
Fees earned	25	864 125	439 202
General	25	834 911	608 812
Private Work	25	182 942	183 147
Gains on disposal of assets	25	-	91 945
Gain on investment properties fair valuation	11	25 455 917	4 405 896
Other income	30	733 647	1 970 990
Total revenue		212 332 893	185 361 865
Expenditure			
Employee related costs	31	69 756 814	61 518 960
Remuneration of councillors	32	3 571 936	3 149 339
Debt Impairment	33	8 404 847	7 664 287
Collection costs		11 990	11 417
Depreciation and asset impairments/amortisation	12/13	34 699 127	33 774 671
Repairs and maintenance		3 542 331	3 335 667
Finance costs	34	5 453 822	3 692 332
Bulk purchases	35	67 996 582	57 717 639
General expenses	36	24 210 659	26 876 661
Loss on disposal of assets		322 177	
Total expenditure		217 970 285	197 740 973
Actuarial (Loss) /gain	15	1 342 181	(1 596 163)
Surplus / (deficit) for the year		(4 295 211)	(13 975 271)

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STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		Accumulated Surplus/(Deficit)	Total: Net Assets
Opening balance as previously reported (2014)		645 173 362	645 173 362
Adjustments:			
Prior period adjustments (2014 and earlier)	42	7 505 331	7 505 331
Balance at 1 July 2014 as restated		652 678 693	652 678 693
Changes in net assets			
Transfer of assets and liabilities from BCDA		(2 508 232)	(2 508 232)
Deficit for the year		(13 975 271)	(13 975 271)
Balance at 30 June 2015 as restated		636 195 190	636 195 190
Opening balance as previously reported (2015)		631 120 065	631 120 065
Adjustments to BCDA assets and liabilities		(429 223)	(429 223)
Prior period adjustments (2015 and earlier)	42	5 504 348	5 504 348
Balance at 1 July 2015 as restated		636 195 190	636 195 190
Changes in net assets			
Deficit for the year		(4 295 211)	(4 295 211)
Balance at 30 June 2016		631 899 979	631 899 979

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CASH FLOW STATEMENT

	Notes	2016 R	2015 R (Restated)
Cash flows from operating activities			
Receipts			
Sales of goods and services		96 883 412	91 744 424
Grants		75 717 274	69 176 683
Interest received		1 408 577	786 883
Other receipts		9 164 768	8 416 185
		<u>183 174 031</u>	<u>170 124 175</u>
Payments			
Employee costs		(69 175 801)	(60 175 246)
Remuneration of councillors		(3 511 936)	(3 149 339)
Suppliers		(23 414 068)	(32 814 429)
Bulk purchases		(66 098 076)	(57 563 340)
Interest paid		(1 311 052)	(255 818)
Other payments		(3 491 141)	(2 335 664)
		<u>(167 002 074)</u>	<u>(156 293 836)</u>
Net cash flows from operating activities	38	<u>16 171 957</u>	<u>13 830 339</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(12 331 422)	(33 347 290)
Nett proceeds on disposal of assets and liabilities		3 508	99 600
Proceeds from Other financial assets	4	2 943	2 800
Net cash flows from investing activities		<u>(12 324 971)</u>	<u>(33 244 890)</u>
Cash flows from financing activities			
Proceeds from borrowings		3 300 000	13 000 000
Repayment of other financial liabilities		(2 653 422)	(644 236)
Finance lease payments		(1 499 825)	(331 407)
Net cash flows from financing activities		<u>(853 247)</u>	<u>12 024 357</u>
Net increase / (decrease) in net cash and cash equivalents		2 993 739	(7 390 194)
Cash Balance transferred from Dev Agency			3 152
Net cash and cash equivalents at beginning of period		11 118 836	18 505 878
Net cash and cash equivalents at end of period	10	<u>14 112 575</u>	<u>11 118 836</u>

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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Statement of Financial Position						
Total current assets		28 002 200	2 036 471	30 038 671	40 383 767	(10 345 096)
Total non-current assets		693 776 436	(42 099 891)	651 676 545	687 565 389	(35 888 844)
Total current liabilities		(44 090 209)	22 686 386	(21 403 823)	(47 433 243)	26 029 420
Total non-current liabilities		(27 428 172)	(11 414 308)	(38 842 480)	(48 615 934)	9 773 454
Net Assets		650 260 255	(28 791 342)	621 468 913	631 899 979	(10 431 066)

Statement of Financial Performance

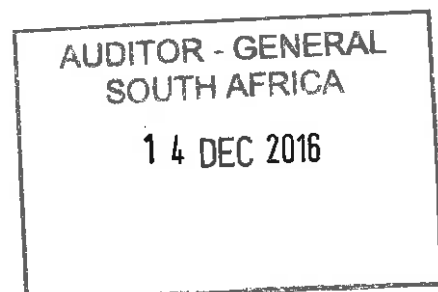
Revenue

Property rates	49	9 988 000	92 000	10 080 000	10 098 465	(18 465)
Service charges	49	111 599 950	(11 499 680)	100 100 270	102 056 546	(1 956 276)
Interest earned - external investments	49	1 200 750	(200 000)	1 000 750	1 446 111	(445 361)
Interest earned - outstanding debtors		2 722 650		2 722 650	3 152 852	(430 202)
Rental of facilities and equipment		50 000	25 000	75 000	62 666	12 334
Fines		70 000		70 000	59 980	10 020
Licences and permits		793 000	(161 210)	631 790	745 197	(113 407)
Agency services		660 000		660 000	675 918	(15 918)
Transfers recognised		68 052 900	1 585 340	69 638 240	70 588 771	(950 531)
Gains on disposal of PPE		100 000	3 500	103 500	-	103 500
Other own revenue	49	2 793 980	3 591 510	6 385 490	28 073 900	(21 688 410)
Total Revenue		198 031 230	(6 563 540)	191 467 690	216 960 406	(25 492 716)

Expenditure

Employee costs	49	69 727 220	(68 580)	69 658 640	69 158 129	500 511
Remuneration of councillors	49	4 139 530	(84 670)	4 054 860	3 979 851	75 009
Debt impairment		6 335 000		6 335 000	8 404 847	(2 069 847)
Depreciation & asset impairment		36 801 800	(1 603 300)	35 198 500	34 699 127	499 373
Finance charges		4 121 040	143 970	4 265 010	5 453 822	(1 188 812)
Bulk Purchases		59 932 210		59 932 210	67 996 582	(8 064 372)
Transfers and Grants	49	1 090 000		1 090 000	1 090 000	-
Other expenditure	49	40 189 980	(10 652 140)	29 537 840	30 151 082	(613 242)
Loss on disposal of assets					322 177	(322 177)
Total expenditure		222 336 780	(12 264 720)	210 072 060	221 255 617	(11 183 557)
Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement		(24 305 550)	5 701 180	(18 604 370)	(4 295 211)	(14 309 159)

Refer to note 51 for explanations for material variances between final budget and actual amounts as well as the final budget and the original budget



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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
Cash Flow Statement						
Cash flows from operating activities						
<u>Receipts</u>						
Ratepayers and other		115 683 550	(11 410 770)	104 272 780	105 823 215	(1 550 435)
Government - operating		51 890 000	585 340	52 475 340	52 419 140	56 200
Government - capital		16 162 900	400 000	16 562 900	23 298 134	(6 735 234)
Interest		3 515 550	(2 514 800)	1 000 750	1 408 577	(407 827)
<u>Payments</u>						
Suppliers and employees		(162 971 200)	3 025 200	(159 946 000)	(164 601 022)	4 655 022
Finance charges		(1 091 040)	(702 700)	(1 793 740)	(1 311 052)	(482 688)
Transfers and Grants		(1 090 000)		(1 090 000)	(1 090 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES		22 099 760	(10 617 730)	11 482 030	15 946 992	(4 464 962)
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Receipts</u>						
Proceeds on disposal of PPE		100 000	3 500	103 500	3 508	99 992
Decrease (Increase) in non-current debtors			2 940	2 940	2 943	(3)
<u>Payments</u>						
Capital assets		(21 342 900)	1 332 400	(20 010 500)	(12 331 422)	(7 679 078)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21 242 900)	1 338 840	(19 904 060)	(12 324 971)	(7 579 089)
CASH FLOWS FROM FINANCING ACTIVITIES						
<u>Receipts</u>						
Short term loans						
Borrowing long term/refinancing		3 300 000	1 736 000	5 036 000	3 300 000	1 736 000
Increase (decrease) in consumer deposits			100 000	100 000	224 965	(124 965)
<u>Payments</u>						
Repayment of borrowing		(4 500 000)	845 800	(3 654 200)	(4 153 247)	499 047
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1 200 000)	2 681 800	1 481 800	(628 282)	2 110 082
NET INCREASE/ (DECREASE) IN CASH HELD		(343 140)	(6 597 090)	(6 940 230)	2 993 739	(9 933 969)
Cash Balance transferred from Dev Agency						
Cash/cash equivalents at the year begin:		12 694 460	(1 575 624)	11 118 836	11 118 836	-
Cash/cash equivalents at the year end:		12 351 320	(8 172 714)	4 178 606	14 112 575	(9 933 969)

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1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost conventions as the basis of measurement, except where specified otherwise.

The principal accounting policies, applied in the preparation of these annual financial statements, are set out below.

These accounting policies are consistent with those applied in the preparation of the prior year financial statements, unless specified otherwise. Details on any changes in accounting policies are provided in note Changes in accounting policy.

1.1. Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. The figures in the annual financial statement are rounded to the nearest Rand value.

1.2. Going concern

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

1.3. Budget information

Budget information in accordance with GRAP 1 and 24, has been provided in the Statement of comparison of budget and actual amounts.

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2015/07/01 to 2016/06/30.

1.4. Comparative figures

When the presentation or classification of items in the financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are

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restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior years.

The nature and reasons for the reclassifications and restatements are disclosed in note 42 to the financial statements.

1.5. Offsetting

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP

1.6. Significant judgements and sources of estimation uncertainty

The use of judgement, estimates and assumptions is inherent to the process of preparing annual financial statements. These judgements, estimates and assumptions affect the amounts presented in the annual financial statements. Uncertainties about these estimates and assumptions could result in outcomes that require material adjustment to the carrying amount of the relevant asset or liability in future periods.

Judgements

In the process of applying these accounting policies, management has made the following judgements that may have a significant effect on the amounts recognised in the annual financial statements.

Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

In the process of applying the entity's accounting policies, the following estimates were made:

Inventory

The estimation of the water stock in the reservoirs is based on the measurement of water via electronic level sensors, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir.

Impairments of non-financial assets

In determining the value-in-use of non-financial assets, management is required to rely on the use of

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estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions. Additional disclosure of these estimates of provisions is included in note 19 - Provisions.

Pension and other post-employment benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Effective interest rate

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

Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles so that the effect of any impairment on a group of receivables would not differ materially from the impairment that would have been determined had each debtor been assessed for impairment on an individual basis.

The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance the estimates are made about the probability of recovery of the debtors based on their past payment history and risk profile.

Provision for rehabilitation of refuse landfill sites

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation

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cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and then discounted to their present value using an appropriate discounting rate, representing the time value of money.

Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value management considers the impact of technology and minimum service requirements of the assets.

1.7. Property, plant and equipment

Initial recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one 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 are 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. The cost also includes the cost of dismantling and removing the asset and restoring the site on which it is operated.

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

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.

Major spare parts and servicing equipment which are expected to be used for more than one period

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are included in property, plant and equipment. In addition, spare parts and servicing equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land, which is not depreciated as it is deemed to have an indefinite useful life.

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an asset's residual value.

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

Item	Average useful life
Land (PPE)	Indefinite
Buildings	60 years
Plant	5 – 15 years
Furniture and fixtures	5 – 15 years
Motor vehicles	5 – 20 years
Office equipment	3 – 10 years
Other equipment	3 – 10 years
Infrastructure	5 – 80 years

Impairments

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

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 Statement of Financial Performance in the period that the impairment is identified.

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

Derecognition

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

1.8. Investment property

Initial Recognition

Investment property includes property (land or a building, or part of a building) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future benefits are probable and the cost or fair value can be determined reliably.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

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

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

Subsequent measurement

Fair Value

Subsequent to initial measurement investment property is measured at fair value. The fair value of investment property reflects market conditions at the reporting date. A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

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Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

Impairments

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date.

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

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

Subsequent expenditure

Where the entity replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

1.9. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position 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.

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

- the entity intends to complete the intangible asset, for use or sale
- it is technically feasible to complete the intangible asset
- the entity has the resources to complete the project
- it is probable that it will generate future economic benefits or service potential.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are initially recognised at cost.

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An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Subsequent measurement

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

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Financial Performance in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life assumption continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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. 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.

Amortisation and impairment

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

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

Computer software	5 years
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Impairments

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

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Derecognition

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 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.

1.10. Heritage Assets

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives.

Initial Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

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

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

Impairments

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset. Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

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

1.11. Financial instruments

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument meets the relevant definitions.

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

Initial measurement

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

Subsequent measurement

Subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost. All financial assets and financial liabilities are measured after initial recognition using the following categories:

a) Financial instruments at fair value:

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

b) Financial instruments at amortised cost:

Non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable

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payments, excluding those instruments that the entity designates, at fair value, at initial recognition or, are held for trading.

c) Financial instruments at cost:

Investments in residual interest, which do not have quoted market prices, and for which fair value cannot be determined reliably.

The entity assesses which instruments should be subsequently measured at fair value, amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or cost, based on the definitions of financial instruments at fair value, financial instruments at amortised cost or financial instruments at cost as set out above.

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.

Impairments

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

Financial assets measured at amortised cost:

The entity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant and individually or collectively for financial assets that are not individually significant. If the entity determines that no objective evidence of impairment exists for an individually assessed asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

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

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

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amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

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

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, 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 entity:
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when the obligation 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).

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Policies relating to specific financial instruments

Investments at amortised cost

Investments which include fixed deposits and short-term deposits invested in registered commercial banks are categories as financial instruments at amortised cost and are subsequently measured at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is credited to the Statement of Financial Performance.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

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.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and deposits held on call with banks.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

Other financial assets

These include loans receivable and initially measured at fair value plus transaction costs that are directly attributable to the acquisition and subsequently measured at amortised cost.

1.12. Leases

Finance leases - lessee

Initial recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity through the lease agreement. Assets subject to finance leases are recognised in the Statement of Financial Position at the inception of the lease, as is the corresponding finance lease liability.

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.

Subsequent measurement

Subsequent to initial recognition the finance lease liability is carried at amortised cost, with the lease payments being set off against the capital and accrued interest. The allocation of the lease payments between the capital and interest portion of the liability is effected through the application of the effective interest method.

The finance charges resulting from the finance lease are expensed, through the Statement of Financial Performance, as they accrue. The finance cost accrual is determined using the effective interest method.

Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

Operating leases - lessor

For those leases classified as operating leases the asset subject to the lease is not derecognised and no lease receivable is recognised at the inception of the lease.

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term. The difference between the straight-lined lease payments and the contractual lease payments are

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recognised as either an operating lease asset or operating lease liability.

An operating lease liability is raised to the extent that lease payments are received in advance (i.e. the straight-line lease payments are more than the contractual lease payments). The operating lease asset and / or operating lease liability are measured as the undiscounted difference between the straight-line lease receipts and the contractual lease receipts.

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

Income for leases is disclosed under revenue in the statement of financial performance.

Operating leases - lessee

Assets subject to operating leases, i.e. those leases where substantially all of the risks and rewards of ownership are not transferred to the lessee through the lease, are not recognised in the Statement of Financial Position.

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

1.13. Inventories

Initial recognition and measurement

Inventories are initially measured at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their required location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

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

Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

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Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Derecognition

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Identification

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

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

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

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Value in use

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

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

Discount rate

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

Recognition and measurement

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.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

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.

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 use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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.

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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 entity 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.

Reversal of impairment loss

The municipality assess 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 entity 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:

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.

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1.15. Employee benefits

Short-term employee benefits

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

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

Post-employment benefits

The entity provides post-employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

Post-retirement Medical Obligations

The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

The entitlement to post-retirement medical benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations, in accordance with GRAP 25 - "Employee Benefits". The plan is unfunded.

The contributions are recognised in the statement of financial performance when the employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method.

The liability is recognised at the present value of the defined benefit obligation at the reporting date,

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minus the fair value of the plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of minimum funding requirements. Payments made by the municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries, and are recognised in the Statement of Financial Performance upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16. Provisions and contingencies

Provisions are recognised when:

- a) the municipality has a present obligation as a result of a past event;
- b) it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- c) 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 expenditure expected to be required to settle the obligation.

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 expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 40.

1.17. Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrues to the entity directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable, excluding indirect taxes, rebates and discounts.

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Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue arising out of situations where the entity acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the entity as compensation for executing the agreed services.

Specific exchange revenue sources

Service charges relating to electricity and water are based on consumption. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Electricity meters in industrial areas are read at the end of each month and billed the following month. Premises with high-tension electricity supplies are read and billed monthly.

Revenue arising from the consumption of electricity and water in the month of June is fully accounted for whether invoiced or not.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. At reporting date, an estimate of the prepaid electricity consumed is made and revenue is adjusted accordingly. The estimate is based on trend analysis and historical data of electricity consumption.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

Rental income arising on facilities and equipment is accounted for on a straight-line basis over the lease terms on on-going leases.

License fees and permits are recognised in accordance with the substance of the agreements entered into.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

ACCOUNTING POLICIES

Measurement

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

1.18. Revenue from non-exchange transactions

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

Recognition

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount and once all the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Council applies a flat rating system. The same rate factor is applied for land and buildings. In terms of this system, assessment rates are levied on the value of land and buildings in respect of properties. Rebates are granted according to the use of the property concerned. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines are recognised when it is probable that future economic benefits will flow to the entity, the costs can be reliably measured and all restrictions have been complied with. Fines constitute both spot fines and summonses. Revenue from spot fines is recognised when payment is received and the revenue from the issuing of summonses is recognised when collected. Due to the various legal processes that can apply to summonses and the inadequate information available from the courts, it is not possible to measure this revenue in the invoicing period.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset and there is not a corresponding liability in respect of related conditions.

Blue Crane Route Municipality

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ACCOUNTING POLICIES

Measurement

An asset that is recognised as a result of a non-exchange transaction is recognised at its fair value at the date of the transfer. Consequently, revenue arising from a non-exchange transaction is measured at the fair value of the asset received, less the amount of any liabilities that are also recognised due to conditions that must still be satisfied.

Where there are conditions attached to a grant, transfer or donation that gave rise to a liability at initial recognition, that liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants without any conditions attached are recognised as revenue in full when the asset is recognised, at an amount equalling the fair value of the asset received.

Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor.

1.19. Borrowing costs

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

1.20. Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No.56 of 2003), and includes:

- a) overspending of the total amount appropriated in the municipality's approved budget;
- b) overspending of the total amount appropriated for a vote in the approved budget;
- c) expenditure from a vote unrelated to the department or functional area covered by the vote;
- d) expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- f) a grant by the municipality otherwise than in accordance with this Act;

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.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

ACCOUNTING POLICIES

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 economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.23. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and other entity are subject to common control.

Transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances are disclosed within the annual financial statements.

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

1.24. Taxes - Value added tax

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of value added tax recoverable from, or payable to the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.25. Capital commitments

Capital commitments disclosed in the financial statements represents the contractual balance committed to the capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

ACCOUNTING POLICIES

1.26. Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in-line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

2. Post-reporting date events

Events after the 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 is indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non- disclosure could influence the economic decisions of users taken on the basis of the financial statements.

3. New standards and Interpretations

3.1 Standards and interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

Standard / Interpretation

**Effective date:
Years beginning on or after**

None

3.2 Standards and Interpretations issued, but not yet effective

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

Blue Crane Route Municipality

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ACCOUNTING POLICIES

Standard / Interpretation	Effective date: Years beginning on or after	Expected impact:
GRAP 18: Segment Reporting	01 April 2017	No significant effect
GRAP 20: Related Parties	01 April 2017	No significant effect
GRAP 32: Service concession arrangements:	01 April 2016	No significant effect
GRAP 108: Statutory Receivables	01 April 2016	No significant effect
IGRAP 17: 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.
GRAP 16 (as amended 2015): Investment Property	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements
GRAP 109: Accounting by Principals and Agents	01 April 2017	The impact of the amendment is not material.
GRAP 21 (as amended 2015): Impairment of non-cashgenerating Assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements.
GRAP 26 (as amended 2015): Impairment of cashgenerating Assets	01 April 2017	The adoption of this amendment has not had a material impact on the results of the company but has resulted in more disclosure than would have previously been provided in the financial statements.
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	The impact of the amendment is not material.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

ACCOUNTING POLICIES

Possible impact of initial application of standards of GRAP approved but not yet effective

GRAP 18: Segment Reporting – It is expected that this will only result in additional disclosures without affecting the underlying accounting.

GRAP 20: Related Parties - No significant impact is expected as the information is to a large extent already included in the financial statements.

GRAP 32: Service concession arrangements: Grantor – No significant impact is expected as no such transaction or events are expected in the foreseeable future.

GRAP 108: Statutory Receivables – No significant impact is expected as the information is to a large extent already included in the financial statements.

IGRAP 17: Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 16 (as amended 2015): Investment Property – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 17 (as amended 2015): Property, Plant and Equipment – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 109: Accounting by Principals and Agents – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 21 (as amended 2015): Impairment of non-cash-generating Assets – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

GRAP 26 (as amended 2015): Impairment of cash-generating Assets – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities – No significant impact is expected as no such transactions or events are expected in the foreseeable future.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
4 Other financial assets		
Amortised cost		
Long term loans	12 749	15 692
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured		
Opening Balance	15 692	18 493
Interest accrued	719	861
Installments	(3 662)	(3 662)
Closing Balance	<u>12 749</u>	<u>15 692</u>
Non-current assets		
Amortised cost	9 655	12 749
Current assets		
Amortised cost	3 094	2 943
	<u>12 749</u>	<u>15 692</u>

The municipality has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2016 and 2015, as all the financial assets were disposed of at their redemption date.

Loans and receivables past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2016 - Rnil (2015 - Rnil) were past due but not impaired.

5 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

2016

	Financial assets at amortised cost	Total
Other financial assets	12 749	12 749
Other receivables from exchange transactions	1 148 855	1 148 855
Other receivables from non-exchange transactions	5 407 784	5 407 784
Cash and cash equivalents	14 112 575	14 112 575
Trade receivables from exchange transactions	18 839 998	18 839 998
	<u>38 621 961</u>	<u>38 521 961</u>

2015

	Financial assets at amortised cost	Total
Other financial assets	15 692	15 692
Other receivables from exchange transactions	3 309 113	3 309 113
Other receivables from non-exchange transactions	4 227 031	4 227 031
Cash and cash equivalents	11 118 836	11 118 836
Trade receivables from exchange transactions	17 785 907	17 785 907
	<u>36 456 579</u>	<u>36 456 579</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
6 Inventories		
Housing In process	55 080	55 080
Consumable stores	710 275	896 224
Water	106 106	185 426
	<u>871 461</u>	<u>1 136 730</u>
Stores issued amounted to R 1 557 102 and R 1 481 663 (2015). No inventory write downs were required for the year. No inventory were pledged as security. No amount included in inventory is carried at current replacement cost or NRV.		
7 Other receivables from exchange transactions		
Deposits	695 168	657 635
Government Grants and Subsidies	158 842	158 842
Other receivables	166 081	29 933
Finance Lease refund from ABSA Bank		1 738 000
Prepayments	158 696	726 703
Provision for bad debts: Other Receivables	(29 933)	
	<u>1 148 856</u>	<u>3 309 113</u>
The ageing of other receivables from exchange transactions and not impaired is as follows:		
Current (0-30days)	39 374	1 736 000
31-60 days	136 148	
61-90 days		833 380
91-120 days		
> 121 days		
	<u>973 333</u>	<u>939 733</u>
	<u>1 148 856</u>	<u>3 309 113</u>
Prior period adjustment		
Balance previously reported		3 057 073
2015: Prepayments from BCDA unknown records written back as at 30 June 2015		(125)
2015: Prepayments - Insurance premiums paid in advance for July 2015 to September 2015		93 323
Earlier than 2015: Receivable from Dept of Human settlement Incorrectly shown as Non-exchange transaction. Should be from Exchange transactions		158 842
		<u>3 309 113</u>
Other receivables pledged as security		
Other receivables were not pledged as security. Other receivables is a financial assets at amortised cost.		
Credit quality of other receivables from exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
8 Other receivables from non-exchange transactions		
Property rates	5 245 141	4 070 794
Other receivables	162 643	156 237
	<u>6 407 784</u>	<u>4 227 031</u>
Property rates		
Property rates	7 321 511	6 059 934
Provision for bad debts: Property rates	(2 076 370)	(1 989 140)
	<u>6 245 141</u>	<u>4 070 794</u>
Property rates age analysis		
Current (0-30days)	312 192	260 883
31-60 days	58 709	35 523
61-90 days	25 086	30 203
91-120 days	22 887	31 552
> 121 days	6 802 637	5 701 773
	<u>7 321 511</u>	<u>6 059 934</u>
Credit quality of receivables from non-exchange transactions		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
Allowance for Impairment: Property rates		
Impairment balance prior year	(1 989 140)	(1 962 137)
Contributions to provision	(323 963)	(31 329)
Debt Impairment written off against provision	236 733	4 326
	<u>(2 076 370)</u>	<u>(1 989 140)</u>
Other receivables		
Other receivables		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	
Employee overpayments	50 715	30 605
SARS UIF paid for Councillors	108 511	108 511
Other	3 417	
	<u>162 643</u>	<u>156 237</u>
Prior period adjustment		
Balance previously reported		4 386 473
2015: Other receivables: Makro (Dev Agency) Unknown receivable from Dev Agency written back as per 30 June 2015 records		(600)
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Should be from Exchange transactions		(158 842)
		<u>4 227 031</u>
As at 30 June 2016, other receivables from non-exchange transactions of R236 733 (2015: R4 326) were impaired and provided for.		
The amount of the provision for Property Rates was R 2 076 370 as at 30 June 2016 (2015: R 1 989 140).		
The amount of the provision for other receivables was R248 952 as at 30 June 2016 (2015: R231 831)		
Other receivables from non-exchange transactions is a financial assets at amortised cost.		
Other receivables from non-exchange transactions were not pledged as security.		
Other receivables from non-exchange transactions past due but not impaired		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	58 709	37 762
2 months past due	24 587	29 708
3 months past due	21 919	31 221
Older than 3 months (Government only)	4 827 735	3 711 222
	<u>4 932 950</u>	<u>3 809 911</u>
Other receivables from non-exchange transactions past due but not impaired		
Older than 4 months	139 116	156 836
	<u>139 116</u>	<u>156 836</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
9 Trade receivables from exchange transactions		
Gross balances		
Electricity	13 660 265	12 766 862
Water	11 333 899	10 888 971
Sanitation	1 665 046	1 565 020
Sewerage	4 975 366	4 859 456
Refuse	8 949 496	8 545 751
Other	1 184 509	1 021 393
	41 768 581	39 637 453
Trade receivables pledged as security		
Trade receivables were not pledged as security.		
Trade receivables is a financial assets at amortised cost.		
Prior period adjustment		
Balance previously reported		39 639 583
2015: Electricity: Incorrect electricity tariff used for billing an account for 10 months		17 898
2015: Water - Incorrect water levies for 2014/15 fin year for School because of broken water pipes		(8 214)
Earlier than 2015: Water - Incorrect water levies for 2013/14 fin year for School because of broken water pipes		(11 794)
		39 637 453
Less: Allowance for impairment		
Electricity	(2 001 675)	(1 948 170)
Water	(8 000 472)	(7 876 291)
Sanitation	(1 454 258)	(1 301 844)
Sewerage	(3 661 374)	(3 541 881)
Refuse	(6 898 536)	(6 489 268)
Other	(812 270)	(714 092)
	(22 828 553)	(21 861 646)
Net balance		
Electricity	11 658 590	10 808 692
Water	3 333 427	3 012 680
Sanitation	210 790	263 178
Sewerage	1 313 992	1 317 575
Refuse	2 050 960	2 076 483
Other	272 239	307 301
	18 838 998	17 786 907
Electricity		
Current (0 -30 days)	8 252 528	5 967 417
31 - 60 days	1 355 913	1 104 929
61 - 90 days	560 545	704 823
91 - 120 days	595 501	552 529
>121 days	2 895 778	4 427 164
	13 660 265	12 766 862
Water		
Current (0 -30 days)	1 447 967	939 017
31 - 60 days	506 042	327 306
61 - 90 days	236 624	287 246
91 - 120 days	235 848	246 996
>121 days	8 907 418	9 088 408
	11 333 899	10 888 971
Sanitation		
Current (0 -30 days)	41 072	26 399
31 - 60 days	14 352	15 639
61 - 90 days	14 373	15 457
91 - 120 days	13 958	15 352
>121 days	1 581 291	1 492 173
	1 665 046	1 565 020

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
9 Trade receivables from exchange transactions (continued)		
Sewerage		
Current (0 -30 days)	552 271	305 496
31 - 60 days	154 717	155 129
61 - 90 days	114 895	148 126
91 - 120 days	100 751	118 721
>121 days	4 052 732	4 131 984
	<u>4 976 366</u>	<u>4 859 466</u>
Refuse		
Current (0 -30 days)	786 805	446 030
31 - 60 days	218 168	221 115
61 - 90 days	176 630	200 870
91 - 120 days	162 981	190 792
>121 days	7 604 912	7 486 944
	<u>8 949 496</u>	<u>8 545 751</u>
Other		
Current (0 -30 days)	78 145	60 285
31 - 60 days	34 877	30 259
61 - 90 days	18 141	68 072
91 - 120 days	20 980	10 095
>121 days	1 032 366	852 682
	<u>1 184 509</u>	<u>1 021 393</u>
Summary of debtors by customer classification		
Consumers		
Current (0 -30 days)	11 158 788	7 744 644
31 - 60 days	2 284 069	1 854 377
61 - 90 days	1 121 208	1 424 594
91 - 120 days	1 130 019	1 134 485
>121 days	26 074 497	27 479 353
	<u>41 768 581</u>	<u>39 637 453</u>
Less: Allowance for impairment	<u>(22 928 583)</u>	<u>(21 851 546)</u>
	<u>18 839 998</u>	<u>17 785 907</u>
Reconciliation of debt impairment provision		
Balance at beginning of the year	(21 851 546)	(21 814 125)
Contributions to provision	(4 939 322)	(4 216 424)
Receipts for receivables already written off		(16 692)
Debt relief project		15 928
Debt impairment written off against provision	3 846 357	4 195 695
	<u>(22 928 583)</u>	<u>(21 851 546)</u>
Fair value of trade receivables from exchange transactions		
Trade receivables from exchange transactions	<u>18 839 998</u>	<u>17 785 907</u>
The fair value has been determined by using the face value of the outstanding capital.		
Trade receivables impaired		
As at 30 June 2016, consumer debtors of R3 846 357 (2015: R 4 195 695) were impaired and provided for. The amount of the provision was R22 928 583 as at 30 June 2016 (2015: R 21 851 546).		
Trade receivables from exchange transactions past due but not impaired		
The ageing of amounts for exchange transactions past due but not impaired is as follows:		
1 month past due	2 064 723	1 802 101
2 months past due	963 184	1 183 720
3 months past due	937 502	969 338
Older than 3 months	7 705 012	6 215 458
	<u>11 670 421</u>	<u>10 170 617</u>
Credit quality of receivables from exchange transactions		
The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2016
R
2015
R
(Restated)

10 Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 690	1 690
Bank balances	1 449 857	885 736
Short-term deposits	12 661 028	10 231 410
	<u>14 112 575</u>	<u>11 118 836</u>

No restrictions exist with regard to the use of cash.

Cash and cash equivalents pledged as collateral

No cash and cash equivalents (or portions thereof) was pledged as security for any financial liabilities.

The municipality had the following bank accounts

Account number / description

	Bank statement balances			Cash book balances		
	30 June 2016	30 June 2015	30 June 2014	30 June 2016	30 June 2015	30 June 2014
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 500	7 757	7 757
ABSA Bank - Fixed deposit - 2055944786			23 967			24 535
ABSA Bank - Call account - 9067623600		10 124 481	4 632 620		10 143 224	4 648 802
Nedbank - Money market - 1263036023	4 751	5 123	5 800	4 751	5 123	5 800
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	73 212	70 706	68 648	73 212	70 706	68 648
Nedbank - Fixed deposit - 37881100877			10 000 000			10 052 164
Nedbank - 12 month Fixed deposit - 37881100877	4 000 000			4 236 575		
ABSA - Cheque account - 2200000008	168 788	476 471	3 383 054	168 788	627 873	3 528 421
ABSA - Cheque account - 4064779134			162 925			163 461
FNB - Cheque account - 62541421046	1 185 300	254 711		1 281 069	254 711	
ABSA - Cheque account - 4061722786		(4 541)			3 152	
FNB - Call account - 6259597005	8 334 390			8 334 390		
Total	13 778 641	10 939 051	18 289 114	14 110 885	11 117 146	18 504 188

The municipality has a guarantee at ABSA bank to the value of R8 000 (2015: R7 500) relating to the personal bonds of one municipal employee.

The municipality has Term loan facilities at ABSA bank to the value of R13 107 000 (2015: R14 557 000)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016		2015 R (Restated)	
11 Investment property	Cost/ Valuation	Carrying Value	Cost/ Valuation	Carrying Value
	R	R	R	R
Investment property	96 004 215	95 004 215	69 535 377	69 535 377

Reconciliation of investment property - 2016

	Opening balance	Additions	FV Adjustments	Total
	R	R	R	R
Investment properties:				
Land	51 905 539		37 535 996	89 441 535
Buildings	17 629 838	12 921	(12 080 079)	5 562 680
	<u>69 535 377</u>	<u>12 921</u>	<u>25 455 917</u>	<u>95 004 215</u>

Reconciliation of investment property - 2015

	Opening balance	Additions	FV Adjustments	Total
	R	R	R	R
Investment property:				
Land	47 499 643		4 405 896	51 905 539
Buildings	17 629 838			17 629 838
	<u>65 129 481</u>	<u>0</u>	<u>4 405 896</u>	<u>69 535 377</u>

Prior period adjustment

Balance previously reported

2015: Fair value adjustment due to prior to 2015 error on Investment properties classifications and properties excluded from fixed assets register
Prior to 2015: Farms and other land not included in the investment properties fixed assets register

51 451 360
43 792
18 040 225
69 535 377

Rental revenue from Investment property: R132 788 (2015: R124 033)

Direct operating expenses arising from investment property that generated rental revenue: Rnil (2015: Rnil)

Pledged as security

No Investment property have been pledged as security for loans

Details of valuation

The effective date of the revaluation was at 30 June 2016. Valuations were performed by an independent valuer from, Mr Daniel Grobler under the supervision of Ducharme Consulting CC. The Independent valuer is not related to the Municipality and has recent experience in the location and category of the investment property that have been valued.

The valuation was based on open market value for existing use.

Investment property is split between land and improvements R89 441 535 and R5 562 680 (2015: R33 821 522 and R17 629 838) respectively.

Blue Crane Route Municipality

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	2016			2015		
	R			R		
	(Restated)					
12 Property, plant and equipment						
	Cost/ Valuation	2016 Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	2015 Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	20 129 272		20 129 272	20 129 272		20 129 272
Buildings	144 532 668	(75 478 919)	69 053 749	142 068 102	(72 159 485)	69 908 617
Plant and equipment	1 531 917	(964 507)	567 410	1 404 552	(681 067)	723 485
Furniture and fixtures	4 541 041	(2 596 193)	1 944 848	4 274 887	(2 178 099)	2 096 788
Motor vehicles	18 950 533	(4 177 630)	14 772 903	16 262 943	(2 770 030)	13 492 913
Office equipment	6 641 053	(4 434 265)	2 206 788	6 157 277	(3 585 637)	2 571 640
Infrastructure	882 359 417	(438 378 548)	443 980 869	879 491 758	(411 744 951)	467 746 807
WIP	29 695 665	-	29 695 665	28 629 412	-	28 629 412
Landfill sites	17 994 300	(8 361 281)	9 633 019	17 994 300	(6 475 638)	11 518 662
Total	1 126 376 866	(534 289 343)	592 086 523	1 114 412 503	(499 594 907)	614 817 596

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	69 908 617			2 464 566	(3 319 434)		69 053 749
Plant	723 485	131 759	(4 394)		(183 440)		667 410
Furniture and fixtures	2 096 788	266 697	(543)		(418 094)		1 944 848
Motor vehicles	13 492 913	2 989 339	(301 749)		(1 407 800)		14 772 903
Office equipment	2 571 640	532 228	(48 452)		(848 628)		2 206 788
Infrastructure	467 746 807			2 867 659	(26 631 597)		443 980 869
WIP	26 629 412	8 398 478		(5 332 225)			29 695 665
Landfill sites	11 518 662				(1 885 643)		9 633 019
Total	614 817 596	12 318 501	(355 138)	-	(34 694 436)	-	592 086 523

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	59 052 541	6 472 652		7 553 137	(3 189 713)		69 908 617
Plant and equipment	673 994	206 788			(157 297)		723 485
Furniture and fixtures	2 335 707	186 671			(422 440)	(3 150)	2 096 788
Motor vehicles	9 234 231	4 831 587	(7 655)		(565 250)		13 492 913
Office equipment	3 114 924	473 901			(960 507)	(56 678)	2 571 640
Infrastructure	464 828 932	7 678 693		21 515 581	(26 276 399)		467 746 807
WIP	37 040 578	18 657 552		(29 068 718)			26 629 412
Landfill sites	13 677 208				(2 158 546)		11 518 662
Total	610 087 387	38 507 844	(7 655)	-	(33 710 152)	(59 828)	614 817 596

Prior period adjustment

Balance previously reported	613 387 824
2015: Adjust depreciation of Landfill site because of reassessment done on the remaining useful life of the sites and additional cost identified.	(913 499)
2015: Adjust depreciation on Buildings because of changes to the buildings classifications from prior periods.	(22 219)
2015: Adjust depreciation on Infrastructure - National roads incorrectly shown as Municipality's assets	392 187
Earlier than 2015: Adjust carrying value of infrastructure - National roads incorrectly shown as Municipality's assets	(8 479 713)
Earlier than 2015: Adjust Carrying value of Land because of changes to the Land classifications and deletions because of changes to Provincial roads.	1 843 377
Earlier than 2015: Adjust Carrying value of Buildings because of changes to the buildings classifications.	305 754
Earlier than 2015: Adjust Carrying value of Landfill site because of reassessment done on the remaining useful life of the sites and additional cost identified	8 303 885
	614 817 596

Assets subject to finance lease (Net carrying amount)

	2016	2015
Vehicles and Plant	3 134 839	3 926 137
Office equipment	233 444	555 787
	3 368 283	4 481 924

See note 17 on finance leases for assets held under finance lease.

No property, plant and equipment has been pledged as security for liabilities

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
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13 Intangible assets

	2016			2015		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
Computer software	18 765	(11 836)	6 929	18 765	(7 145)	11 620

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	11 620		-	-	(4 691)	-	6 929

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
Computer software	16 311		-	-	(4 691)	-	11 620

Other Information

Fully amortised intangible assets still in use

Certain computer software packages (not material to the municipality's operations) with finite useful lives which have been fully depreciated are still in use by the municipality to some extent.

14 Heritage assets

	2016			2015		
	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value	Cost/ Valuation	Accumulated amortisation/ impairment	Carrying Value
	R	R	R	R	R	R
	458 067		458 067	458 067		458 067

Reconciliation of heritage assets - 2016

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458 067		-	-	-	-	458 067

Reconciliation of heritage assets - 2015

	Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
	458 067		-	-	-	-	458 067

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
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15 Employee benefit obligations

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.

Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

In-service members will receive a post-employment subsidy of 60% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependents receive a subsidy of either 60% or 70%.

Upon a member's death-in-service or death-in-retirement the surviving dependants will continue to receive the same between 60% and 70% subsidy.

All subsidies are subject to a maximum of R3 871 for the year ending 30 June 2017. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

Principal assumptions

Discount rate

Grp 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used.

Consequently, a discount rate of 9.18% per annum has been used. The corresponding index-linked yield at this term is 1.79%. These rates do not reflect any adjustment for taxation. These rates were deducted from the yield curve obtained from the Bond Exchange of South Africa after the market close on 30 June 2016.

The rate is calculated by using a liability-weighted average of yields for the three components of the liability. Each component's fixed-interest and index-linked yield was taken from the bond yield curve at that component's duration, using an iterative process.

Financial assumptions

Discount rate	9.18%
Health care cost inflation rate	8.27%
Nett effective discount rate	0.84%

The next contribution rate increase is assumed to occur at 1 January 2017.

Demographic assumptions

Average retirement age	63 (males)/ 58 (Females)
Continuation of membership at retirement	100%
Proportion assumed married at retirement	70%

Accrued liability Values

Carrying value

Opening Accrued Liability	19 581 570	18 234 545
Service cost	1 005 728	783 778
Interest cost	1 701 268	1 425 332
Benefits paid	(508 224)	(478 248)
Actuarial (gain) / loss recognised in the year	(1 342 181)	1 596 183
Closing Accrued Liability	20 418 161	19 581 570

Non-current liabilities

Current liabilities (Estimate of benefits payments expected in the next annual period)	19 917 797	19 053 346
	500 364	508 224
	20 418 161	19 581 570

The total liability has increased by 4.4% (or R 886 581) since the last valuation

The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:

Actuarial (Gain)/Loss for the period	(1 342 181)
Contribution to Actuarial (Gain)/Loss:	
Basis changes: Increase in net discount rate	(528 639)
Decrease maximum subsidy inflation to 75% of salary inflation	(727 220)
Contribution increases higher than assumed	85 267
Changes to membership profile different from assumed	(171 589)

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
15 Employee benefit obligations (continued)		
Net expense recognised in the statement of financial performance		
Current service cost	1 005 728	783 778
Benefits paid	(508 224)	(478 248)
Total included in employee related costs	497 504	305 530
Actuarial (Gain)/Loss recognised in statement of financial performance	(1 342 181)	1 696 163
Interest cost included in Finance costs	1 701 288	1 426 332
	856 691	3 327 025
Estimate of contributions expected to be paid to the plan in the next financial year	(500 364)	(508 224)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		14.117	6.301	20.418	
Health care Inflation	1%	15.576	6.786	22.361	10%
	-1%	12.453	5.788	18.252	-11%
Discount Rate	1%	12.092	5.761	17.853	-13%
	-1%	16.656	6.941	23.597	16%
Post-retirement mortality	-1yr	14.588	6.559	21.147	4%
Average retirement age	-1yr	14.709	6.301	21.011	3%
Continuation of membership at retirement	-10%	12.743	6.301	19.044	-7%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2016

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		1 005 700	1 701 300	2 707 000	
Health care inflation	+1%	1 200 500	1 956 600	3 157 100	17%
	-1%	835 000	1 479 100	2 314 100	-15%
Discount Rate	+1%	836 600	1 644 500	2 481 100	-8%
	-1%	1 224 900	1 758 300	2 981 200	10%
Post-retirement mortality	-1yr	1 041 400	1 767 000	2 808 400	4%
Average retirement age	-1yr	1 067 800	1 791 400	2 859 200	6%
Continuation of membership at retirement	-10%	913 200	1 593 900	2 507 100	-7%

History of liabilities, Assets and Experienced Adjustments (R millions)

Liability History	30/06/2012	30/06/2013	30/06/2014	30/06/2015	30/06/2016
Accrued liability	15.453	13.661	16.235	19.562	20.418
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(15.453)	(13.661)	(16.235)	(19.562)	(20.418)

History of experience adjustments: Gains and Losses (R millions)

Experience adjustments	30/06/2013	30/06/2014	30/06/2015	30/06/2016
Liabilities: (Gain)/Loss	(1.754)	0.346	1.321	(0.086)
Assets: Gain/(Loss)	0.000	0.000	0.000	

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
16 Other financial liabilities		
Held at amortised cost		
Standard Bank	3 300 000	
Absa Bank loans	11 560 140	14 243 013
	<u>14 860 140</u>	<u>14 243 013</u>
<p>A loan of R3,5 million was taken up from ABSA Bank (R1 000 000 on 19/10/2010 and R2 500 000 on 06/06/2012). Instalments are R125 114.50 (9.75%) and R321 680.34 (9.74%) respectively. Both loans are over a period of 5 years and is semi-yearly payable. A further loan from ABSA was taken up on 5 June 2015 of R13 000 000 at a fixed interest rate of 9.62%. Instalments of R1 875 282 will be semi-yearly payable. The Municipality budgeted to redeem this loan in full on 30 November 2016 from MIG grant receivable. On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.55%. Instalments of R443 645 will be semi-yearly payable.</p> <p>No defaults or breaches or re-negotiations of the terms and conditions occurred during the year.</p> <p>The ABSA Bank loans are not secured, but the following covenants are applicable for the R13 000 000 loan:</p> <ol style="list-style-type: none"> 1. Consumer debtor's collection rate to be maintained at >65%, 2. Net cash from operating activities to interest bearing debt not to deteriorate below 60%, and 3. Total interest bearing debt to annual operating revenue not to exceed 40%. <p>The Standard Bank loan is not secured, but the following covenants are also applicable for the R3 300 000 loan:</p> <ol style="list-style-type: none"> 1. Debt to Revenue ratio: to be maintained at a level that is less than or equal to 50%. 2. Billings to collection rate to be maintained at a level that is greater than or equal to 87.3%. 3. Interest paid to total cost to be maintained at a level that is less than or equal to 7.5%. 		
Non-current liabilities		
At amortised cost	2 779 316	11 526 565
Current liabilities		
At amortised cost	12 080 824	2 716 448
	<u>14 860 140</u>	<u>14 243 013</u>
Opening Balance	14 243 013	1 887 249
Loan received	3 300 000	13 000 000
Interest accrued	1 311 052	255 818
Payments	(3 993 925)	(900 054)
Closing Balance	<u>14 860 140</u>	<u>14 243 013</u>
17 Finance lease obligation		
Minimum lease payments due		
- within one year	1 430 631	1 497 696
- in second to fifth year inclusive	2 833 859	4 081 963
	<u>4 064 490</u>	<u>5 579 659</u>
less: future finance charges	(642 876)	(1 072 049)
Present value of minimum lease payments	<u>3 421 616</u>	<u>4 487 610</u>
Present value of minimum lease payments due		
- within one year	1 133 396	1 066 331
- in second to fifth year inclusive	2 288 219	3 421 279
	<u>3 421 616</u>	<u>4 487 610</u>
Non-current liabilities	2 288 219	3 421 279
Current liabilities	1 133 396	1 066 331
	<u>3 421 616</u>	<u>4 487 610</u>

It is municipality policy to lease certain plant and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was between 9.30% and 9.55% for plant and 14.2% for office equipment. Interest rates are linked to prime at the contract date. No arrangements have been entered into for contingent rent.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12. Property, plant and equipment for the carrying value of assets subject to finance lease.

There are no subleases

Defaults and breaches

There were no default during the period of principal, interest, sinking fund or redemption terms of loans payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
18 Unspent conditional grants and receipts		
Other grants	6 339 006	1 210 503

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R6 339 006
Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table.
The municipality complied with all the conditions attached to the grants / allocations.
These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2015	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2016
Municipal Infrastructure Grant (MIG)		20 982 000	(5 396 471)	(681 561)	(9 191 625)	5 712 343
MSIG Funds		930 000		(724 794)	(205 206)	-
FMG		1 600 000		(1 600 000)		-
Lotto Grant for sport facilities	600 000				(600 000)	-
DR WH CRAIB TRUST	13 015					13 015
Deployment of LED	87 418			(87 418)		-
Fire and Disaster		472 000		(472 000)		-
Depart Sport: Library admin cost		2 197 000		(2 197 000)		-
EPWP		1 000 000		(1 000 000)		-
ACIP Water conservation	312 154	2 754 352			(2 758 329)	308 177
Nunu Mbona Consulting (LED)		150 000		(150 000)		-
Abafazi Rural Project (LED)		150 000				150 000
Resourcing Youth Centre (LED)	102 703					102 703
Craft Project (LED)	95 213			(42 445)		52 768
	1 210 503	30 235 352	(5 396 471)	(6 955 218)	(12 755 160)	6 339 006

The municipality received certain grant allocations during the year from various public entities (amounts disclosed above per project / allocation) - these receipts / grant allocations had to be utilised for the following main purposes:

National Treasury (MIG, MSIG & FMG) :	Municipal systems Improvement and financial management projects, and Municipal Infrastructure (MIG)
Sarah Baardman District municipality:	Fire fighting and LED projects
Eastern Cape Department of Roads and Public Works:	Labour Intensive projects to promote Job creation for unemployed people
Department of Sport and Agriculture:	Administration cost for Libraries
National Lottery funds:	Sporting facilities

Blue Crane Route Municipality

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
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19 Provisions

Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	21 622 930	2 007 672	-	23 630 602
	<u>21 622 930</u>	<u>2 007 672</u>	<u>-</u>	<u>23 630 602</u>

Reconciliation of provisions - 2015

	Opening Balance	Additions	Utilised during the year	Total
Environmental rehabilitation	19 725 352	1 897 578	-	21 622 930
	<u>19 725 352</u>	<u>1 897 578</u>	<u>-</u>	<u>21 622 930</u>

Prior period adjustment				7 952 994
Balance previously reported				1 199 642
2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life and additional cost identified				12 470 294
Earlier than 2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life and additional cost identified.				<u>21 622 930</u>

2016 **2015**

Non-Current liability

Amortised cost	<u>23 630 602</u>	<u>21 622 930</u>
	<u>23 630 602</u>	<u>21 622 930</u>

Environmental rehabilitation provision

The above rehabilitation provision includes the three towns of Somerset East, Cookhouse and Pearston.

All landfill sites financial implications and valuations are determined in terms of Section 28 of the National Environmental Management Act, Act no. 107 of 1998.

The effective date of all valuations was 30 June 2016 and was done and certified by Mr. S Nel, Professional Engineer, from Bosch Munitech.

In Calculating the provision for rehabilitation, the following have been included:

- Direct contract costs
- Indirect Professional Fees
- Indirect disbursements
- Escalation

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site. Due to the operating procedures, the operating area of Somerset East has increased from 3.2Ha to 4.7Ha and Cookhouse has increased in size from 0.2Ha to about 0.5Ha over two years, while the size of the operating area of Pearston has remained constant.

Monetary values for landfill sites at 30 June 2016:	Cookhouse	R 1 394 339
	Pearston	R 3 927 124
	Somerset East	R 18 309 139
		<u>R 23 630 602</u>

20 Payables from exchange transactions

Trade payables	12 992 674	11 913 128
Payments received in advanced	339 644	396 446
Accrued leave pay	4 831 608	4 037 343
Accrued 13th cheque	1 641 725	1 568 206
Accrued performance bonus	575 588	387 443
Employee cost in arrears		98 045
Retention on Capital Projects	567 842	1 227 185
Previous employees of Dev Agency	813 694	813 694
Deposits received	126 627	98 914
	<u>21 889 402</u>	<u>20 540 404</u>

Prior period adjustment

2015: Trade Payables - Water usage for May and June 2015 from Dept of water and Sanitation. Invoices received late.	20 063 815
2015: Trade Payables - Software Licence fees payable to Bytes for June 2015 not taken into account as expense	175 904
2015: Trade Payables - Software usergroup development charges for 2014/15 share of costs - Invoice received in Nov 2015	30 138
2015: Trade Payables - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in September 2015	16 271
2015: Trade Payables - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting	41 843
2015: Trade Payables - Internal audit fee from service provider for June 2015 - Invoice only received in December 2015	8 019
2015: Trade Payables - Acting allowance for Librarian not paid for the period September 2014 to June 2015	102 818
2015: Trade payables - Incorrect payables in the records of BCDA - now written back	62 285
2015: Previous employees of Dev Agency - Incorrect leave balances from Dev Agency employees adjusted	(10 890)
Earlier than 2015: Trade Payables - Incorrect salaries payable to employees in 2013/14 financial year, not payable to employees	24 644
Earlier than 2015: Backpay to Fire Officers on standby allowances and overtime due to back dated salary increase - 2008 to 2013	(9 739)
Earlier than 2015: Water tariff change for period July 2013 to December 2013 - additional charges from Dept water and sanitation	36 760
Earlier than 2015: Payments received in advance - Billing credit balance of year 2007 written back, wrongly raised as instalment	1 571
	<u>(1 035)</u>
	<u>20 540 404</u>

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	2016 R	2015 R (Restated)
21 Trade and other payables from non-exchange		
Trade and other	<u>254 717</u>	<u>142 547</u>
22 VAT payable		
VAT	<u>2 772 563</u>	<u>2 174 196</u>
Prior period adjustment		
Balance previously reported		1 791 569
2015: Trade Payables - Water usage for May and June 2015 from Dept of water and Sanitation. Delayed billing.		(21 602)
2015: Trade receivables - Incorrect electricity tariff billed to consumer for 10 months		2 198
2015: Trade Payables - Software Licence fees payable to Bytes for June 2015 not taken into account as expense		(3 701)
2015: Trade Payables - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in Sept 2015		(5 139)
2015: Trade Payables - Software usergroup development charges for 2014/15 share of costs - invoice received in Nov 2015		(1 998)
2015: Trade Payables - Internal audit fee from service provider for June 2015 - invoice only received in December 2015		(12 627)
2015: Trade Payables - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting		(739)
2015: Trade receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft		(1 009)
2015: Finance leases: VAT Incorrectly deducted from finance costs - Invoices of Flntech did not allocate correct VAT on capital portion		13 951
2015: Former BCDA office was not legally VAT registered and therefore could not claim VAT		414 741
Earlier than 2015: Trade Receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft		(1 448)
		<u>2 174 196</u>

VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.

23 Consumer deposits		
Electricity & water	<u>2 462 971</u>	<u>2 238 006</u>

24 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost	Total
2016		
Other financial liabilities	(14 860 140)	(14 860 140)
Finance lease	(3 421 615)	(3 421 615)
Trade and other payables from non-exchange	(254 717)	(254 717)
Payables from exchange transactions	(16 718 150)	(16 718 150)
	<u>(35 254 622)</u>	<u>(35 254 622)</u>
2015		
Other financial liabilities	(14 243 013)	(14 243 013)
Finance lease	(4 487 610)	(4 487 610)
Trade and other payables from non-exchange	(142 547)	(142 547)
Payables from exchange transactions	(16 106 615)	(16 106 615)
	<u>(34 979 785)</u>	<u>(34 979 785)</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
25 Revenue		
Property rates	10 097 775	9 054 978
Service charges	97 432 081	90 568 975
Rental of facilities and equipment	62 666	46 405
Interest received (trading)	3 152 852	3 185 589
Interest received	1 448 111	819 974
Income from agency services	675 918	600 079
Fines	59 980	39 788
Licences and permits	745 197	802 412
Government grants and subsidies	70 588 771	72 544 675
Fees earned	864 125	439 202
General	834 911	608 812
Private Work	182 942	183 147
Gains on disposal of assets	91 945	91 945
Gain on investment properties fair valuation	25 455 917	4 405 896
Other income	733 647	1 970 990
	<u>212 332 893</u>	<u>185 361 865</u>
Prior Period adjustment		
Balance previously reported		185 309 578
2015: Fair value adjustment due to prior to 2015 error on investment properties classifications and properties excluded from fixed assets register		43 792
Service charges: Incorrect electricity tariff billed for 10 months to 1 consumer		15 700
Service charges: Incorrect water levies for Fishriver School because of broken water pipes and theft		(7 205)
		<u>185 361 865</u>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	97 432 081	90 568 975
Rental of facilities & equipment	62 666	46 405
Interest received - trading	3 152 852	3 185 589
Interest received	1 448 111	819 974
Income from agency services	675 918	600 079
Licences and permits	745 197	802 412
Fees earned	864 125	439 202
General	834 911	608 812
Private Work	182 942	183 147
Miscellaneous other revenue	733 647	1 970 990
	<u>106 130 460</u>	<u>99 224 685</u>
The amount included in revenue arising from non-exchange transactions is as follows:		
Property rates	10 097 775	9 054 976
Fines	59 980	39 788
Government grants & subsidies	70 588 771	72 544 675
	<u>80 746 626</u>	<u>81 639 439</u>

Collectability of amounts

At the time of initial recognition of revenue it is inappropriate to assume that the collectability of amounts owing by individual recipients of goods and services will not occur due to the fact that the municipality has an obligation to collect all revenue.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
26 Property rates		
Rates received		
All properties	10 097 775	9 054 976
Valuations		
Agricultural	3 101 701 300	3 111 416 900
Commercial	125 481 150	148 489 050
Government	1 394 100	132 931 200
Residential	470 754 300	509 794 600
State	330 342 600	302 403 200
	4 029 673 450	4 205 034 950
<p>Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.</p> <p>Rates are levied on an annual basis with the final date for payment being 30 June 2016 (30 June 2015). Interest at prime plus 1% per annum (2015: prime plus 1% per annum), is levied on rates outstanding one month after due date.</p> <p>A general rate of 0.00053 for agricultural properties, 0.00847 for business properties, 0.00723 for residential properties, 0.00145 for government infrastructure properties and 0.01421 for government properties is applied to property valuations to determine assessment rates (2015: 0.00048 - agricultural properties, 0.00770 - business properties, 0.00657 - residential properties, 0.01292 - government properties and 0.01450 for Government Infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2015: R15 000 - residential properties and 30% government infrastructure).</p>		
27 Service charges		
Sale of electricity	79 372 899	71 387 745
Sale of water	9 399 233	9 863 641
Sewerage and sanitation charges	3 763 919	4 013 297
Refuse removal	4 656 817	5 077 420
Other service charges	239 213	206 672
	97 432 081	90 568 875
<p>Electricity losses incurred during the year - R11 088 838 (24%) - 2015: R10 032 771 (24%) Water losses incurred during the year - R5 200 721 (50%), - 2015: R4 071 965 - (44%)</p>		
28 Investment revenue		
Interest revenue		
Interest	719	861
Bank	1 445 392	819 113
	1 446 111	819 974
<p>The amount of R1 446 111 (2015: R819 974) is included under revenue arising from exchange transactions</p>		
29 Government grants and subsidies		
Equitable share	44 654 000	42 429 000
Government grant - MIG	15 289 657	15 891 000
Government grant - FMG	1 600 000	1 600 000
Provincial and District Municipality grants	7 517 114	11 080 430
Government grant - MSIG	930 000	934 000
Government grant - NER		524 667
National Lottery	600 000	
National Treasury - MFIP	18 000	
Other		85 578
	70 588 771	72 544 675
30 Other income		
Insurance claims	117 856	1 165 863
Biltong festival	342 508	614 764
Housing	106 557	85 082
Cashier surplusses	3 021	7 800
SDL Claims	121 310	92 840
Old consumer debt recovered	27 835	
Settlement discount	590	
Sub-division/rezoning fees	13 970	4 641
	733 647	1 970 990

Blue Crane Route Municipality

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)	
31 Employee related costs			
Basic	45 807 898	40 701 974	
Bonus	2 193 682	2 056 954	
Medical aid - company contributions	2 353 008	2 098 087	
UIF	412 786	392 216	
WCA	458 363	440 349	
SDL	592 081	511 252	
Leave pay accrued	1 176 139	809 579	
Post-employment benefits - Pension - Defined contribution plan	497 504	305 530	
Travel, motor car, accommodation, subsistence and other allowances	2 023 814	1 926 002	
Overtime payments	2 684 419	2 610 952	
13th Cheques provision charge	1 641 725	1 568 206	
Other allowances	2 701 526	1 702 678	
Bargaining council	27 615	25 005	
Other contributions	2 997	3 078	
Pension contributions (employers contributions)	7 183 257	6 377 098	
	<u>89 766 814</u>	<u>61 618 960</u>	
Prior Period adjustment		61 466 675	
Balance as previously reported		62 285	
Other Allowances - Acting allowance for Librarian not paid for the period September 2014 to June 2015		<u>61 618 960</u>	
Remuneration of municipal manager			
Annual Remuneration	919 878	763 415	
Car Allowance	120 000	120 000	
Contributions to UIF, Medical and Pension Funds	1 872	1 866	
	<u>1 041 750</u>	<u>885 281</u>	
Remuneration of chief finance officer			
Annual Remuneration	793 459	722 346	
Car Allowance	60 000	60 000	
Contributions to UIF, Medical and Pension Funds	1 872	1 866	
Acting allowance (Municipal Manager)	9 321		
	<u>864 652</u>	<u>784 212</u>	
Remuneration of manager - corporate services			
Annual Remuneration	733 459	662 346	
Car Allowance	120 000	120 000	
Contributions to UIF, Medical and Pension Funds	1 872	1 866	
	<u>855 331</u>	<u>784 212</u>	
Remuneration of manager - community services			
Annual Remuneration	719 393	599 176	
Car Allowance	120 000	120 000	
Contributions to UIF, Medical and Pension Funds	1 872	1 866	
	<u>841 265</u>	<u>721 042</u>	
Remuneration of manager - infrastructure			
Annual Remuneration	701 119	583 528	
Car Allowance	152 340	152 340	
Contributions to UIF, Medical and Pension Funds	1 872	1 866	
	<u>855 331</u>	<u>737 734</u>	
32 Remuneration of councillors			
Mayor:	NM Scott	730 632	693 629
Chairperson: Corporate Services	BA Manxoweni	295 423	279 882
Chairperson: Impac	WH Greeff	295 423	279 882
Chairperson: Community Services	M Nontyi	295 423	279 882
Chairperson: Technical Services	NP Yantolo	295 423	279 882
Councillor	KC Brown	234 807	222 697
Councillor	CFB Du Preez	234 807	222 697
Councillor	NG Mjikelo	234 807	222 697
Councillor	Z Funselo	234 807	222 697
Councillor	MK Mall	234 807	222 697
Councillor	RM Bradfield	234 807	222 697
In-kind benefits		<u>3 321 186</u>	<u>3 149 339</u>
The following Councillors received benefits in-kind:			
Councillor	NG Mjikelo	224 920	
Chairperson: Technical Services	NP Yantolo	25 850	
		<u>3 571 936</u>	<u>3 149 339</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
33 Debt impairment		
Allowance for impairment	5 310 340	4 247 753
Debts written off	3 094 507	3 416 534
	<u>8 404 847</u>	<u>7 664 287</u>
34 Finance costs		
Trade and other payables	1 311 052	255 818
Finance leases	433 830	113 603
Interest cost - Landfill sites liability	2 007 672	1 887 579
Interest cost - PRMA liability	1 701 268	1 425 332
	<u>5 453 822</u>	<u>3 692 332</u>
Interest expense is calculated using the effective interest rate.		
Prior Period adjustment		
Balance as previously reported		2 478 739
Landfill sites: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life.		1 199 642
Finance leases: VAT incorrectly deducted from finance costs - Invoices of Fintech did not allocate correct VAT on capital portion		13 951
		<u>3 692 332</u>
35 Bulk purchases		
Electricity	66 874 450	56 788 986
Water	1 122 132	928 653
	<u>67 996 582</u>	<u>57 717 639</u>
Prior Period adjustment		
Balance as previously reported		57 563 340
Water - Bulk purchases: Water for May and June 2015 from Dept of Water and Sanitation. Invoice received late because of delayed billing		154 299
		<u>57 717 639</u>
36 General expenses		
Advertising	283 991	399 692
Auditors remuneration	3 817 856	3 063 097
Bank charges	155 967	352 554
Consulting and professional fees	2 703 403	3 802 486
Consumables	280 434	257 324
Donations	8 120	5 000
Entertainment/Music Festival	988 727	856 712
Insurance	498 046	505 601
Conferences and seminars	57 462	50 031
Rentals ad hoc	287 669	528 574
Refuse Bags	281 741	272 624
Magazines, books and periodicals	29 092	31 559
Fuel and oil	2 664 968	2 704 229
Printing and stationery	1 025 308	1 014 774
Protective clothing	264 684	216 401
Security (Guarding of municipal property)	1 091 485	1 285 055
Telephone and fax	2 742 010	2 608 375
Transport and freight	1 262	27 454
Training	91 480	239 503
Title deed search fees	25 773	35 411
Tourism development	370 000	351 870
Licences	523 348	602 097
Stipends - ward committee	671 570	646 407
Agency services: Cacadu Dev Agency	720 000	2 783 016
Obsolete/(surplus) stock	2 415	9 534
Conditional grant expenditure	2 252 798	3 859 117
Cashier shortages/deficits	29	684
Chemicals	512 122	614 629
Valuations expenses	78 118	72 985
Laboratory tests	52 707	66 693
Inter departmental charges	(124 407)	(1 260 165)
Other expenses	1 862 481	873 338
	<u>24 210 859</u>	<u>26 876 661</u>
Prior Period adjustment		
Balance as previously reported		26 797 099
Insurance - Insurance premium paid for 3 months in advance : July 2015 to September 2015		(93 323)
Licences - Software Licence fees payable to Bytes for June 2015 not taken into account as expense		26 437
Professional Fees - Software usergroup development charges for 2014/15 share of costs - Invoice received in Nov 2015		14 273
Professional Fees - Member of Audit Committee Professional Services rendered not paid for June 2015 meeting		5 280
Consulting and Professional Fees - Legal Fees for various labour cases attended to in June 2015 - Invoice only received in Sept 2015		36 704
Consulting and Professional Fees - Internal audit fee from service provider for June 2015 - Invoice only received in December 2015		90 191
		<u>26 876 661</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
36 General expenses (continued)		
Other expenses		
Ward committees	5 870	4 182
Various special events	195 393	239 794
Dis/re-connection fees	2 800	400
Levies-SALGA	697 272	532 659
Allen Vegetation	2 298	
Private Works	12 102	
Library Events	20 957	
Membership Fees	6 671	
Prevention of epidemics	480	51
Fruitless, wasteful, unauthorised expenditure	815 029	991
Prodliba	86 712	88 285
Medical expenses	8 752	1 187
Awareness campaign	4 587	600
Disaster assistance	3 558	5 349
	<u>1 862 481</u>	<u>873 338</u>
37 Auditors' remuneration		
Audit Fees	<u>3 817 856</u>	<u>3 063 097</u>
An amount of R24 785 (VAT Included) and included in the above audit fees was outstanding at 30 June 2016 for Blue Crane Route Municipality, but paid in August 2016.		
38 Net cash flows from operating activities		
Surplus/(deficit)	(4 295 211)	(13 975 271)
Adjustments for:		
Depreciation and amortisation	34 899 127	33 774 671
(Gain) / Loss on sale of assets and liabilities	322 177	(91 945)
Grant revenue with transfer of assets		(3 071 261)
Gain on investment properties fair valuation	(25 455 917)	(4 405 896)
Finance costs (finance leases)	433 830	99 652
Debt impairment	8 404 847	7 664 287
Movement in retirement benefit assets and liabilities	858 591	3 327 025
Movements in provisions	2 007 672	1 897 579
Changes in working capital:		
(Increase)/decrease in Inventories	285 289	(236 346)
(Increase)/decrease in other receivables from exchange transactions	2 130 325	1 085 229
(Increase)/decrease from other receivables from non-exchange transactions	(1 637 893)	3 060 663
(Increase)/decrease in consumer debtors	(8 971 859)	(10 632 516)
Increase/(decrease) in payables from exchange transactions	1 348 998	(5 411 123)
Increase/(decrease) in VAT payable	598 365	979 096
Increase/(decrease) in trade and other payables from non-exchange	112 188	(178 900)
Increase/(decrease) in unspent conditional grants and receipts	5 128 503	(296 730)
Increase/(decrease) in consumer deposits	224 965	241 125
	<u>18 171 867</u>	<u>13 830 338</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
39 Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
Infrastructure related projects	13 119 697	3 970 941
Prior Period adjustment	<u>13 119 697</u>	<u>3 970 941</u>

This committed expenditure relates to Infrastructure projects and will be financed by Government Grants.

Operating leases - as lessee (expense)

No operating leases were paid for in the 2016 financial year.

Operating leases - as lessor (income)

Certain of the municipality's property is held to generate rental income. No lease agreements are in place and tenants rent the respective properties on a month to month basis. There are no contingent rents receivable.

40 Contingencies

Contingent liabilities

Matter: Blue Crane Route Municipality vs A Afrikaner

During January 2008 a child was shocked by electricity wire in Pearston. After a payment was made in 2012, a further summons was issued against the Municipality in September 2015 claiming damages of R4 320 000. Also see Contingent assets for further details.

Matter: Blue Crane Route Municipality vs South Africa Local Authorities Pension Fund

During June 2016 the Municipality received a letter of demand in terms of which SALA Pension Fund is claiming an amount of R176 801. The Municipality's attorneys are of the view that this claim has prescribed and that it fails to comply with the provisions of the Institution of legal proceedings against Certain Organs of States Act, 40 of 2002.

Matter: Blue Crane Route Municipality vs Various Employees

The following Labour matters is still ongoing :

<u>Name of Employee</u>	<u>Labour Case details</u>	<u>Further anticipated costs</u>
Ms Sammy	Dispute her remuneration	R50 000 (For exception costs only) This amount excludes the municipality's possible obligation should the claimant be successful
I Hendricks & other	Re-employment in terms of Agreement	R 60 000 This amount excludes the municipality's possible obligation should the claimant be successful

Contingent assets

Matter: Blue Crane Route Municipality vs A Afrikaner

An insurance claim was lodged for a public liability claim from the Municipality's Insurers and their legal section is currently investigate this claim. If the public liability claim is successful, a maximum amount of R2 000 000 (Includes an excess of R5000) will be receivable from them.

Matter: Blue Crane Route Municipality vs Autumn Star/Claassen

The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 561 737 (Autumn Star) and R3 602 190 (Claassen). These matters are set down for 27 February 2017 and 1 August 2016 respectively.

Matter: Blue Crane Route Municipality vs Santam Insurance Limited

The decision of Judge Roberson after the trial was in the Municipality's favour and the amount of damages will be decided at the following trial. If the defendant is prepared to settle on the actual amounts paid out by Council, the amount claimed will be R1 500 000. The Municipality is currently awaiting the Defendants decision on this matter.

Matter: Blue Crane Route Municipality vs A Swanepoel

The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total costs Mr Swanepoel must pay the Municipality could be more than R50 000.

Contingent movements from previous year (Deleted from contingencies)

The following labour matters had been concluded

The Municipality vs PJ Dreyer
The Municipality vs C Simonse
The Municipality vs N Msezeni
The Municipality vs S Kambel
The Municipality vs M Mejanie

Matter: Blue Crane Route Municipality vs Standard bank

The Municipality settled this matter in June 2016 by paying an amount of R150 000 to Standard bank.

Matter: Blue Crane Route Municipality vs JP Barnard

This matter was settled with a total cost order of R25 939 on 22 October 2015.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
41 Related parties		
Related party transactions		
Grant paid		
Blue Crane Development Agency		2 438 743
SARS (PAYE)		
Blue Crane Development Agency		346 273
Contracts awarded to close family members		
Inkoleko Trading (Owner is husband of Councilor NP Yantolo)	14 150	
Ezithathwini Pty Ltd (Owner is sister of Councilor NP Yantolo)	9 150	
42 Prior period adjustments		
During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2015), affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
Other receivables from exchange transactions (Note 7)		
Earlier than 2015: Receivable from Dept of Human settlement incorrectly shown as Non-exchange transaction. Should be from Exchange transactions		<u>158 842</u>
Other receivables from non-exchange transactions (Note 8)		
Earlier than 2015: Receivable from Dept of Human settlement Incorrectly shown as Non-exchange transaction. Should be from Exchange transactions		<u>(158 842)</u>
Trade receivables from exchange transactions (Note 9)		
Earlier than 2015: Water - Incorrect water levies for 2013/14 fin year for School because of broken water pipes		<u>(11 794)</u>
Investment Properties (Note 11)		
Prior to 2015: Farms and other land not included in the investment properties fixed assets register		<u>18 040 225</u>
Property, Plant and Equipment (Note 12)		
Earlier than 2015: Adjust carrying value of Infrastructure - National roads incorrectly shown as Municipality's assets		(8 479 713)
Earlier than 2015: Adjust Carrying value of Land because of changes to the Land classifications and National roads incorrectly shown as fixed assets.		1 843 377
Earlier than 2015: Adjust Carrying value of Buildings because of changes to the buildings classifications.		305 754
Earlier than 2015: Adjust Carrying value of Landfill site because of re-calculation on the Somerset East Landfill site estimated useful life.		<u>8 303 885</u>
		<u>1 973 303</u>
Provisions (Note 19)		
Earlier than 2015: Re-calculate landfill site provision cost because of the re-calculation on the Somerset East landfill site estimated useful life.		<u>(12 470 294)</u>
Payables from exchange transactions (Note 20)		
Earlier than 2015: Trade Payables - Incorrect salaries payable to employees in 2013/14 financial year, not payable to employees		8 739
Earlier than 2015: Backpay to Fire Officers on standby allowances and overtime due to back dated salary increase - 2008 to 2013		(35 760)
Earlier than 2015: Water tariff change for period July 2013 to December 2013 - additional charges from Dept water and sanitation		(1 571)
Earlier than 2015: Payments received in advance - Billing credit balance of year 2007 written back, wrongly raised as a credit installment		<u>1 035</u>
		<u>(27 557)</u>
VAT Payable (Note 22)		
Earlier than 2015: Trade Receivables - Incorrect water levies for Fishriver School because of broken water pipes and theft		<u>1 448</u>
Accumulated surplus adjustments (Earlier than 2015)		
Other receivables from exchange transactions		(158 842)
Other receivables from non-exchange transactions		158 842
Trade receivables from exchange transactions		11 794
Investment property		(18 040 225)
Property, Plant and Equipment		(1 973 303)
Provisions		12 470 294
Payables from exchange transactions		27 557
Vat Payable		<u>(1 448)</u>
		<u>(7 505 331)</u>
Prior period adjustments		
Adjustments to Employee related costs (See Note 31)		82 285
Adjustment on General expenses (See Note 36)		79 562
Adjustment to Finance costs (See Note 34)		1 213 593
Adjustments to Bulk Purchases (See Note 35)		154 299
Adjustment to Revenue (See Note 25)		(8 485)
Adjustments to Depreciation (See Note 12)		543 531
Adjustment to Investment Properties Fair valuation (See Note 11)		(43 792)
Adjustment: Opening accumulated surplus 2015 (See above detail)		<u>(7 505 331)</u>
		<u>(5 504 348)</u>

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2016
R
2015
R
(Restated)

43 Risk management

Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

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

The 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.

Cash flow interest rate risk

Financial Instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after four years
Other financial liabilities	9.62%	(3 496 523)	(3 180 410)	(3 510 271)	(3 857 176)	(815 760)
Trade and other payables from non-exchange	10.50%	(254 717)	-	-	-	-
Payables from exchange transactions	7%	(12 982 674)	-	-	-	-
Finance lease obligation	9.55%	(1 133 396)	(858 589)	(941 354)	(488 276)	-
Trade and Other receivables from exchange	11.50%	19 988 853	-	-	-	-
Other receivables from non-exchange	11.50%	5 407 784	-	-	-	-
Other financial assets	5.00%	3 094	3 253	3 419	2 983	-
Cash in current banking institutions	7.85%	12 661 028	-	-	-	-

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

Trade 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.

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

Financial instrument	2016	2015
Trade receivables from exchange transactions	18 839 998	17 785 907
Other receivables from non-exchange transactions	5 407 784	4 227 031
Other receivables from exchange transactions	1 148 855	3 309 113
Other financial assets	9 655	12 749
Short term deposits	12 661 028	10 231 410

The municipality holds deposits of R2 462 971 (2015: R2 238 006) from consumer debtors. No guarantees or collateral was provided to third parties.

Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2016

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
44 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.		
45 Events after the reporting date		
There are no events after reporting date to report on.		
46 Unauthorised expenditure		
Opening balance	15 113 708	13 185 391
Add: Unauthorised Expenditure - current year	15 800 433	1 928 317
Less: Amounts recoverable/condoned	-	-
	<u>30 914 141</u>	<u>16 113 708</u>
Unauthorised expenditure occurred due to Electricity purchases and debt impairments which was much more than budgeted. interest on Landfill site rehabilitation cost was also more than suspected.		
47 Fruitless and wasteful expenditure		
Opening balance	17 544	16 553
Add: Fruitless and wasteful expenditure - current year	815 029	991
Less: Amounts recoverable/condoned	-	-
	<u>832 573</u>	<u>17 544</u>
A report must still be submitted to Council that will indicate any possible disciplinary steps that will be taken and if it is recoverable.		
48 Irregular expenditure		
Opening balance	91 881 929	52 558 608
Add: Irregular Expenditure - current year	12 216 146	39 323 321
Less: Amounts recoverable/condoned or written off by Council	(19 150 698)	-
Less: Amounts not recoverable (condoned)	-	-
	<u>84 947 379</u>	<u>91 881 929</u>
Details of irregular expenditure - current year		
Disciplinary steps taken/criminal proceedings: None		
Supply Chain Management regulations not adhered to	<u>84 947 379</u>	

Blue Crane Route Municipality

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2016
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49 Reconciliation between budget and statement of financial performance

Classification Basis	Actual amounts as per Budget	Actual amounts as per State- ment of Financial Performance	Difference	Comment
Revenue				
Property rates	10 098 465	10 097 775	690	Budget includes Municipal charges
Service Charges	102 056 546	97 432 081	4 624 465	
Service Charges: Electricity	83 771 206	79 372 899	4 398 306	Budget includes Municipal charges
Service Charges: Water	9 529 614	9 399 233	130 381	Budget includes Municipal charges
Service Charges: Sanitation	3 805 053	3 763 919	41 134	Budget includes Municipal charges
Service Charges: Refuse	4 711 462	4 656 818	54 644	Budget includes Municipal charges
Service Charges: Cemeteries	51 018	51 018	-	
Service Charges: Dis/re-connection fees	118 054	118 054	-	
Service Charges: Pound Fees	70 140	70 140	-	
Other Income/own Revenue	28 073 900	2 615 625	25 458 275	
Fees earned	864 125	864 125	-	
General	834 911	834 911	-	
Private Work	182 942	182 942	-	
Gain on investment properties fair valuation	25 455 917	-	25 455 917	Shown separately in Financial Performance
Other Income	736 005	733 647	2 358	Budget includes Municipal charges
Gain on investment properties fair valuation	-	25 455 917	(25 455 917)	Included in Other own revenue in Budget
Gain on investment properties fair valuation	-	-	-	Comment
Expenditure				
Classification Basis				
Employee Related costs	69 158 129	69 756 814	(598 685)	
Skills Development Levy: Councillors	-	33 096	(33 096)	Included under Remun of Council. In budget
Travelling and subsistence	-	565 589	(565 589)	Included under Remun of Council. In budget
Other employee related costs	69 158 129	69 158 129	-	
Remuneration of Councillors	3 979 851	3 571 936	407 915	
Skills Development Levy: Councillors	33 096	-	33 096	Included under Employee Related Costs
Travelling and subsistence	625 589	60 000	565 589	Included under Employee Related Costs
Benefits-in kind	-	190 770	(190 770)	Included under Other expenditure in budget
Other remuneration of Councillors	3 321 166	3 321 166	-	
Collection Costs	-	11 990	(11 990)	Included under Other expenditure in budget
Repairs and Maintenance	-	3 542 331	(3 542 331)	Included under Other expenditure in budget
Transfers and Grants	1 090 000	-	1 090 000	
Transfers to Cadadu Development Agency	720 000	-	720 000	Included under General Expenses
Transfers to Tourism	370 000	-	370 000	Included under General Expenses
General/Other Expenses	30 151 082	24 210 659	5 940 423	
Departmental charges (Electricity)	4 398 306	-	4 398 306	Budget includes Mun dept charges
Departmental charges (Water)	130 381	-	130 381	Budget includes Mun dept charges
Departmental charges (Sewerage)	41 134	-	41 134	Budget includes Mun dept charges
Departmental charges (Refuse)	54 644	-	54 644	Budget includes Mun dept charges
Departmental charges (Rates)	690	-	690	Budget includes Mun dept charges
Departmental charges (Housing rentals)	2 358	-	2 358	Budget includes Municipal charges
Collection Costs	11 990	-	11 990	Shown separately in Financial Performance
Repairs and maintenance	3 542 331	-	3 542 331	Shown separately in Financial Performance
Transfers and Grants	-	1 090 000	(1 090 000)	Shown separately in budget
Actuarial Gain	(1 342 181)	-	(1 342 181)	Shown separately in Financial Performance
Councillors benefits-in kind	190 770	-	190 770	Budget includes Councillors benefits-in kind
Other/General expenses	23 120 659	23 120 659	-	

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)
50 Additional disclosure in terms of Municipal Finance Management Act		
PAYE and UIF		
SARS deductions	8 454 907	8 981 922
Amount paid over	<u>(8 450 072)</u>	<u>(8 981 831)</u>
	<u>4 835</u>	<u>91</u>
The outstanding amount of R4 835 for Income Tax was paid to SARS in July 2016.		
Pension and Medical Aid Deductions		
Current year deductions	13 936 207	12 530 950
Amount paid - current year	<u>(13 936 207)</u>	<u>(12 530 950)</u>
	<u>-</u>	<u>-</u>
Councillors' arrear consumer accounts		
No arrears owed by Councillors to the Municipality for rates or services were outstanding for more than 90 days during the year.		
Organised Local Government (SALGA)		
Contribution for the year	<u>697 272</u>	<u>532 559</u>
No contributions were outstanding at year end.		

51 Actual versus Budget: Explanation of material variances greater than 10% versus budget

	Final Budget 2016 R	Actual 2016 R	Variance R	Variance %	Explanation
Revenue					
Interest earned - external investments	1 000 750	1 446 111	445 361	45%	Additional funding was received for MIG projects
Interest earned - outstanding debtors	2 722 650	3 152 852	430 202	16%	Interest was more than suspected - conservative approach
Rental of facilities and equipment	75 000	62 666	(12 334)	-16%	Budget was incorrect - income was always less than R50 000
Traffic fines	70 000	59 980	(10 020)	-14%	Traffic fines not realised as suspected
Licences and permits	631 790	745 197	113 407	18%	Licences revenue was suspected to decrease - office close for period
Gain on disposal of PPE	103 500	-	(103 500)	-100%	No Auction held during the year as planned
Other revenue	6 385 490	28 073 900	21 688 410	340%	Increase in Gain on Investment properties FV due to prior period error
Expenditure					
Debt impairment	6 335 000	8 404 847	2 069 847	33%	Debt impairment was more than suspected
Bulk purchases	59 932 210	67 996 582	8 064 372	13%	Elect purchases increase more than budget - should be investigated
Finance charges	4 265 010	5 453 822	1 188 812	28%	Interest on landfill sites much more due to prior period error in provision
Loss on disposal of assets	-	322 177	322 177	100%	Loss of assets disposals not foreseen in budget

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R (Restated)			
52 Final budget versus original budget: Explanation of material variances greater than 10%					
	Final Budget 2016 R	Original Budget 2016 R	Variance R	Variance %	Explanation
Revenue					
Service charges	100 100 270	111 599 950	(11 499 680)	-10%	Indigent support deducted from revenue in final budget
Interest earned - external investments	1 000 750	1 200 750	(200 000)	-17%	Surplus cash was suspected to decrease
Rental of facilities and equipment	75 000	50 000	25 000	50%	Incorrect original budget
Licences and permits	631 790	793 000	(161 210)	-20%	Traffic office was closed for period
Other own revenue	6 385 490	2 793 980	3 591 510	129%	Gain on Investment properties not included in original budget
Expenditure					
Other Expenditure	29 537 840.00	40 189 980.00	(10 652 140)	-27%	Indigent support deducted

ANNEXURE A – DEVIATION REGISTER 01 JULY TO 30 SEPTEMBER 2015

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2015/07/07	ALL CUT POWER PRODUCTS	CYLINDER & PISTON CYLINDER GASKET	AGENTS ONLY- REPAIRS TO BE AFFECTED	s36(1)(a)(v)	AAO	R 2 942.45	43135
2015/07/07	B G SECURITY	AFTER HOUR SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION.	s36(1)(a)(v)	AAO	R 2 859.12	43177
2015/07/15	UD TRUCKS	SERVICE 50000KM AS PER QUOTATION	AGENTS ONLY ALGOA HINO	s36(1)(a)(v)	AO	R 4 834.66	43207
2015/07/17	ALGOA TOYOTA	50000 KM SERVICE AS PER QUOTATION	THE AGENTS FOR THIS VEHICLE IS IN PORT ELIZABETH THEREFORE IT MUST BE SEND TO HINO ALGOA .	s36(1)(a)(v)	AO	R 4 503.00	43232
2015/07/21	B G SECURITY	AFTER HOUR SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION.	s36(1)(a)(v)	AO	R 3 636.60	43256
2015/07/28	INTERLOK HOSE & FITTINGS	MADE HYDRAULIC HOSES AS PER QUOTATION	AN ORDER FOR HYDRAULIC HOSES FOR THE BULLDOZER THAT WE NEED URGENTLY WHILE WE WAIT FOR A TAX CLEARANCE CERTIFICATE FROM INTERLOK THE COMPANY WHO SUPPLY HOSES	s36(1)(a)(v)	AAO	R 1 666.21	43301
2015/07/29	A & D POWER	BREAKDOWN REPAIRS TO MAIN INCOMER FEEDING FROM ESKOM	ON TUESDAY 21/07/2015 BCRM LOST ESKOM FEEDER NO.2 AT THE MAIN SUBSTATION AND HALF OF BCRM DID NOT HAVE POWER .EMERGENCY REPAIRS HAD TO BE CARRIED OUT TO RESTORE ELECTRICAL SERVICES.	s36(1)(a)(v)	AAO	R 22 902.60	43331

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/08/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES: STANDBY/AFTER HOUR RESPONSE THERE IS NO CONTRACT IN PLACE, THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 3 990.00	43561
2015/08/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION.	s36(1)(a)(v)	AO	R 2 859.12	43563
2015/09/07	IMESA	DELEGATES-NON IMESA MEMBERS REGISTRATION FEE	THE CONFERENCE IS TAKING PLACE ANNUALLY IN DIFFERENT PROVINCES, WHERE ALL ENGINEERS ATTEND INCLUDING MUNICIPAL ENGINEERS CONSULTANTS AND SPECIALISRS.NETWORKING AND INFORMATION SHARING FOR BEST PRACTICES AND HOW TO IMPROVE OPERATIONAL IN A MUNICIPAL SPACE THEREFORE MUST BE SERVICEBY AGENTS ONLY.	s36(1)(a)(v)	AO	R 6 250.00	43689
2015/09/11	UNIVERSAL EQUIPMENT (PTY) LTD	500 HOUR SERVICE AS PER QUOTATION		s36(1)(a)(v)	AAO	R 11 837.33	43758
2015/09/17	B G SECURITY	SECURITY SERVICES AT THE DEPOT	BG SECURITY SERVICES ARE ALREADY RENDERING SECURITY SERVICES AT THE DEPOT, HOSPITAL STREET, SOMERSET EASTAND IT IS NOT PRACTICAL TO HAVE TWO DIFFERENT SECURITY SERVICE PROVIDERS ON THE SAME SITE.	s36(1)(a)(v)	AO	R 11 364.26	43824
2015/09/23	B G SECURITY	TELEPHONE SERVICE: WATER	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES: STANDBY/AFTER HOUR RESPONSE THERE IS NO IN PLACE, THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 2 859.12	43881

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
FINANCIAL SERVICES							
2015/07/25	B G SECURITY	AFTER HOURS CALL-OUT SERVICES	BG SECURITY SERVICES SUPPLY THE TECHNICAL SERVICES WITH THE FOLLOWING SERVICES: STANDBY/AFTER HOUR RESPONSE THERE IS NO CONTRACT IN PLACE, THE MUNICIPALITY IS IN THE PROCESS OF GOING OUT ON TENDER FOR THE PROVISION OF SECURITY SERVICES.	s36(1)(a)(v)	AO	R 2 859.12	43352
2015/07/29	B G SECURITY	GUARD DUTIES: AIRFIELD AND GUARD DUTIES: MAYORS HOUSE	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE	s36(1)(a)(v)	AAO	R 36 393.40	43344
2015/07/29	BG SECURITY	SECURITY SERVICES AT FINANCE DEPARTMENT TOWN HALL	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH-IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 27 432.05	42942
2015/08/05	SOMERSET BUDGET	NOTICES 27,31 AND 32/2015	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. THREE ADVERTS WILL BE PLACED FOR THE FOLLOWING : NOTICE 27/2015, 31/2015 AND 32/2015.	s36(1)(a)(v)	AAO	R 5 501.92	43405
2015/08/06	TIMES MEDIA EC	NOTICES 27,31 AND 32/2015	HERALD IS THE ONLY SERVICE PROVIDER THAT IS REGISTERED ON OUR SYSTEM ACTIVELY, REQUESTS WERE MADE AND ONLY HERALD RESPONDED AND OTHERS DID NOT RESPOND AND QUOTED AS REQUIRED.	s36(1)(a)(v)	AO	R 15 058.26	

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/08/06	NOLTE SMIT ATTORNEYS	LEGAL FEES DEBTOR HANDOVERS	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL DEBTOR HANDOVERS(LEGAL MATTERS) ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY. THE PROCUREMENT OFFICE WILL GO ON TENDER AS SOON AS POSSIBLE.	s36(1)(a)(v)	AO	R 4 676.18	43411
2015/08/11	BABCOCK EQUIPMENT	VOE11200910	WINDSCREEN ONLY AVAILABLE FROM THE AGENTS WHICH IS BABCOCK.	s36(1)(a)(v)	AO	R 6 800.57	43429
2015/08/19	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT,AIRFIELD,AE ROVILLE.	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AO	R 36 565.51	43509
2015/08/19	FREMA CONSULTANTS	SECURITY SLEUCE FOR JUNE 2015 WEEKDAYS AND SATURDAYS	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AAO	R 8 979.89	43508
2015/08/20	B G SECURITY	CIT TRANSPORT AND GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 11 364.26	43522
2015/08/24	MSNH MAINTENANCE	SUPPLY AND DELIVERY OF BUILDING MATERIAL	THE BCMR -SCMP WAS ADHERED TO BY INVITING PROSPECTIVE BIDDERS TO SUPPLY A FORMAL WRITTEN QUOTATION BY WAY OF NEWS MEDIA,NOTICE BOARD AND MUNICIPAL ADJACENT TO BCMR NOTICE BOARDS.BCRM ONLY RECEIVED ONE PROSPECTIVE BIDDER WHICH CONFINE TO ALL SPECIFICATIONS REQUIRED BY THE BID DOCUMENT.SEE ADDITIONAL MOTIVATION ATTACHED TO DEVIATION APPROVAL FORM.	s36(1)(a)(v)	AAO	R 176 973.00	43546

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/01	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY. THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 232.15	43625
2015/09/02	SOMERSET BUDGET	NOTICE:34/2015 MAYORAL VISIT: IDP REVIEW 2016/2017	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 34/2015 MAYORAL VISIT: IDP REVIEW 2016/2017 WILL BE ADVERTISED.	s36(1)(a)(v)	AO	R 1 487.70	43641
2015/09/04	BYTES TECHNOLOGY GROUP SOUTH AFRICA	DELEGATES- PAYROLL ADMINISTRATORS TAX WORKSHOP	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS. THE MUNICIPALITY DO HAVE SLA IN PLACE. AS MS LULEKA STOFLE, MS LIZETTE KOEKEMOER AND MS THEMBAKAZI MLENGETYA MUST HAVE THE FULL KNOWLEDGE ON THE PAYROLL ADMINISTRATOR'S TAX THEY HAVE TO ATTEND THE WORKSHOPTO BE HELD AT THE HEAD OFFICE OF BYTES SITUATED IN CAPE TOWNB OFFICES. THE PAYROLL ADMINISTRATOR'S TAX WORKSHOP IS HELD AT THE HEAD OFFICE.	s36(1)(a)(v)	AO	R 2 231.55	43925
2015/09/10	LITHOTECH	BOXES OF ACCOUNT FORMS	WE ONLY RECEIVED 2 QUOTES AND WE CHOSE LITHOTECH BECAUSE IT IS THE CHEAPEST OF THE TWO. THERE ARE ONLY TWO SERVICE PROVIDERS WITH BCRM TEMPLATES HENCE THE TWO QUOTES INSTEAD OF THREE.	s36(1)(a)(v)	AO	R 12 154.68	43727
2015/09/10	SOMERSET BUDGET	FWQ09/2015- SUPPLY AND DELIVERY OF BUILDING MATERIAL	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 39/2015 SUPPLY AND DELIVERY OF ASPHALT COLDMIX	s36(1)(a)(v)	AO	R 2 193.07	43744

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/10	SOMERSET BUDGET	T10/2015-SUPPLY AND DELIVERY OF 11* TRANSFORMERS	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. NOTICE 34/2015 SUPPLY AND DELIVERY OF 11*TRANSFORMERS.	s36(1)(a)(v)	AO	R 2 231.55	43925
2015/09/11	SABC	TV LICENSE	THE SABC'S CORE BUSINESS IS TO DELIVER A VARIETY OF HIGH QUALITY PROGRAMMES AND SERVICES THROUGH TELEVISION AND RAADIO THAT INFORMS, EDUCATES, ENTERTAINS AND SUPPORTS THE PUBLIC AT LARGE. THE TV'S ARE STATIONED AT THE BESTERSHOEK RESORT CHALETS, THE PUBLIC LIBRARIES AND THE COMMUNITY HALLS.	s36(1)(a)(v)	AAO	R 4 403.64	43760
2015/09/21	CHRIS BAKER AND ASSOCIATES	LEGAL FEES FOR JUNE 2015	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL COURT CASES ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY. THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 41 843.06	43850
2015/09/23	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY. THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 595.42	43891

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
CORPORATE SERVICES							
2015/07/29	SUMMERSTRAND HOTEL	ACCOMMODATION FOR LLF MEMBERS ATTENDING WORKSHOP FROM 4-6 AUGUST IN PE	DEALING DIRECTLY WITH THE SERVICE PROVIDER INSTEAD OF USING THE TRAVEL AGENT ACHIEVES VALUE FOR MONEY AS WE CAN NEGOTIATE DISCOUNT DIRECTLY.THE TRAVEL AGENT HAS ITS MARK-UP PRICE WHICH DEFEATS THE PRINCIPLE OF VALUE FOR MONEY .WE HAVE BEEN ABLE TO NEGOTIATE DISCOUNT DIRECTLY FROM THE SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 36 511.92	43343
2015/08/21	B G SECURITY	SECURITY SERVICES IRO AUGUST 2015 AT OLD IEC OFFICES AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	43534
2015/09/07	UNIVERSITY OF FORT HARE	PAYMENT OF FEES N.MJIKELO AND N.YANTOLO	CONTINUATION OF A FOUR YEAR PROGRAM(IN ITS THIRD YEAR) OFFERED BY THE UNIVERSITY OF FORT HARE.	s36(1)(a)(v)	AO	R 51 700.00	43694
2015/09/08	TIMES MEDIA EC	PMU MANAGER ADVERT	DAILY DISPATCH IS THE ONLY NEWSPAPER CAN BE USED TO REACH A WIDE TARGET MARKET IN THE BORDER REGION.	s36(1)(a)(v)	AO	R 7 866.00	43695
2015/09/08	SOMERSET BUDGET	ADVERT FOR PMU MANAGER	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.ADVERT FOR PMU MANAGER	s36(1)(a)(v)	AO	R 2 308.50	43696
2015/09/11	SOMERSET BUDGET	ADVERT NOTICE 29/2015 COUNCIL MEETING	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 807.97	43761
2015/09/11	TIMES MEDIA EC	ADVERT FOR PMU MANAGER	THE USE OF THE HERALD NEWSPAPER IS WE WANT TO REACH OUT TO PEOPLE IN THE PORT ELIZABETH REGION AND ONWARD.	s36(1)(a)(v)	AO	R 13 338.00	43752

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/09/21	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES FOR AUGUST 2015	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH ALL COURT CASES ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 69 992.86	43851
COMMUNITY SERVICES							
2015/07/21	BG SECURITY	CIT SECURITY SERVICES BESTERSHOEK	BG SECURITY IS UTILISED PRIOR 2006. THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICES BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION.	s36(1)(a)(v)	AO	R 16 347.75	43258
2015/07/29	BELL EQUIPMENT SALES SOUTH AFRICA	REPAIR OF RADIATOR AND FAN SHROUD	BELL IS THE MANUFACTURER AND SOLE SUPPLIER OF THE PARTS OF THIS MACHINE.THE SENIOR MECHANIC ADVISED THAT EVEN THE AGENTS GET SUPPLY FROM BELL.	s36(1)(a)(v)	AAO	R 22 611.22	43336
2015/07/31	SUMMERSTRAND HOTEL	ACCOMMODATION FOR MR MV	DUE TO LATE NOTIFICATION TO ARRANGE THE ACCOMMODATION ,SOME ESTABLISHMENTS CONTACTED ARE NOT ON THE DATABASE AND SOME ARE ALREADY FULLYBOOKED.	s36(1)(a)(v)	AO	R 2 629.50	43360
2015/08/19	PROTEA HOTEL	DBB ROOM FOR MR MVUNELWA AND CLLR NONTYI TO SALGA CAPACITY BUILDING	WE REQUESTED QUOTES FROM SUMMERSTRAND HOTEL,RADISSON BLUE IS IN THE PROCESS OF APPLYING FOR TAX CLEARANCE CERTIFICATE WHILE THE REST IS FULLY BOOKED,HENCE WE ARE USING PROTEA MARINE HOTEL.	s36(1)(a)(v)	AAO	R 2 739.80	43507
2015/09/02	B G SECURITY	GUARD DUTIES AT BESTERSHOEK	BG SECURITY IS UTILISED PRIOR 2006.THE MUNICIPALITY DID GO ON TENDER FOR SECURITY SERVICE BUT IT WAS DECIDED THAT IT WILL NOT BE AWARDED AS COUNCIL WILL EMPLOY PERMANENT STAFF TO PERFORM THIS FUNCTION AS SOON AS POSSIBLE.	s36(1)(a)(v)	AO	R 15 743.66	43646

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
MUNICIPAL MANAGER							
2015/07/15	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SET UP OF TEST SYSTEM & TESTING OF ACB PAYMENT TO FNB	BYTES IS THE ONLY SERVICE PROVIDER, OF OUR FINANCIAL SYSTEM AND THEY ARE THE ONLY ONE WHO CAN DO CHANGES ON OUR SYSTEM FOR ACB PAYMENTS AS WE'VE CHANGED THE BANK FROM ABSA TO FNB REF:SLA	s36(1)(a)(v)	AO	R 7 199.10	43202
2015/07/29	CHM VUWANI COMPUTER SOLUTIONS	CHM VUWANI IS THE ONLY SUPPLIER THAT CAN SUPPLY THIS ITEM, AS IT HAS BEEN DISCONTINUED/ IS OFF THE MARKET. WE ARE CURRENTLY WITHOUT A TAPE DRIVE	CHM VUWANI IS THE ONLY SUPPLIER THAT CAN SUPPLY THIS ITEM, AS IT HAS BEEN DISCONTINUED/ IS OFF THE MARKET. WE ARE CURRENTLY WITHOUT A TAPE DRIVE	s36(1)(a)(v)	AAO	R 17 958.42	43322
2015/08/06	TOMMY CLAASEN H/A PEARSTON TRANSPORT	TRANSPORT PASSENGERS FROM PEARSTON TO KIRKWOOD	WE WERE INFORMED LATE/SHORT NOTICE ABOUT THE WORKSHOP AND WE HAVE USED TOMMY CLAASEN TRANSPORT BECAUSE HE IS THE ONLY SERVICE PROVIDER IN PEARSTON.	s36(1)(a)(v)	AO	R 4 500.00	43409
2015/09/09	SOMERSET BUDGET	NOTICE 38/2015 FOR BILTONG FESTIVAL	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER. ADVERT FOR BILTONG FESTIVAL STAKEHOLDERS 38/2015 WILL BE PLACED.	s36(1)(a)(v)	AO	R 461.70	43718

ANNEXURE A – DEVIATION REGISTER 01 OCTOBER TO 31 DECEMBER 2015

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/01	BG SECURITY	NA URE TELEFOON DIENSTE OPROEP BYSTAND	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	43944
2015/10/02	ID CONTROL SOLUTIONS CC	CALL OUT, LABOUR, TRAVEL DISTANCE AND MIMIC PANEL	THE ROTA-BOOTH REVOLVING DOOR SYSTEM IS DESIGNED AND MANUFACTURED BY ID CONTROL SOLUTIONS IN PORT ELIZABETH. THEY INSTALLED THE ROTA-BOOTH REVOLVING SYSTEM FOR THE BCRM DURING 2009/2010 FY AND THE DOOR IS IN DIRE NEED OF AN ANNUAL SERVICE AS REQUIRED BY MACHINERY ACT 1967(ACT139)	s36(1)(a)(v)	AAO	R 6 649.43	43956
2015/10/20	ALGOA TOYOTA	SERVICE AS PER QUOTATION	SERVICE DONE BY AGENTS ONLY STILL UNDER GUARANTEE FIRST SERVICE	s36(1)(a)(v)	AO	R 3 410.33	44137
2015/10/28	UNIVERSAL EQUIPMENT (PTY) LTD	NEW BLADE NEEDED FOR THE GRADER AS THE CURRENT BLADE IS FINISHED.	NEW AGENTS ONLY SUPPLIER OF BLADES	s36(1)(a)(v)	AAO	R 4 463.40	44219
2015/11/04	A& D POWER	SUPPLY AND INSTALL 22KV AT SOMERSET EAST (AIRPORT)	A& D POWER LOCATED A FAULT IN THE AIRFIELD SUPPLY CABLE. IT WOULD BE CHEAPER FOR BCRM TO USE A& D POWER TO JOIN THE CABLE BECAUSE THEY ALREADY KNOW WHAT NEED TO BE DONE. IT WOULD BE IMPRACTICAL TO SEEK QUOTATIONS FROM OTHER SERVICE PROVIDERS DUE TO A& D POWER PERFORMING THE FAULT FINDING ON A PREVIOUS EMERGENCY & IMPLEMENTING A TEMPORARY SOLUTION TO RESTORE POWER	s36(1)(a)(v)	AAO	R 33 972.00	44318
2015/11/05	CONSULTATION SUPPLIES	14*20*1200MM SRBP TUBE	ELECTRICAL SERVICES DEPARTMENT URGENTLY NEED FUSE TUBEMATERIAL TO REPAIR BROKEN J & P FUSES. IT IS CHEAPER TO REPAIR THE FUSES RATHER THAN BUY NEW ONES. THERE ARE ONLY TWO SUPPLIERS COUNTRYWIDE AND WE ARE UNABLE TO GET A THIRD QUOTE.	s36(1)(a)(v)	AO	R 8 550.00	44334

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/06	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	44343
2015/11/11	ALGOA TOYOTA	SERVICE DONE AS PER QUOTATION	SERVICE DONE BY AGENTS ONLY STILL UNDER GUARANTEE FIRST SERVICE.	s36(1)(a)(v)	AO	R 7 592.88	44389
2015/11/12	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 859.12	44401
2015/11/25	BG SECURITY	AFTER HOURS SERVICE	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	44562
2015/11/25	ROBERT'S WORKSHOP	SERVICE LIFT	ONLY ONE PROVIDER TO SERVICE WORKSHOP LIFT FOR VEHICLES.	s36(1)(a)(v)	AO	R 3 249.00	44570
2015/11/25	TELERAY	MAINTENANCE AND REPAIR TO ETV	NO TCC SERVICE PROVIDER WILL ONLY HAVE IT IN JANUARY 2016.	s36(1)(a)(v)	AO	R 6 270.00	44563
2015/12/07	ASD INTERNATIONAL	REPAIRS TO LOADING BODY	QUOTATIONS CAN ONLY BE DONE SP'S WHO ASSESS THE TRUCK. TAKING THE TRUCK TO PE TO DIFFERENT SERVICE PROVIDERS IS NOT COST - EFFECTIVE AND WILL NOT BE VALUE FOR MONEY.	s36(1)(a)(v)	AAO	R 15 150.60	44688
2015/12/08	BELL EQUIPMENT SALES	REPAIRS TO TLB	REPAIRS ALREADY DONE ON ORDER 44345 AND FURTHER REPAIRS NEED TO BE DONE THAT WERE PICKED UP WHILE WORKING ON THE TLB AS PER ATTACHED MEMO, EMAIL FROM SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 59 767.86	44707

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/08	PROFCON COUNTRY COTTAGES	ACCOMMODATION FOR MR M.M MIKHONTO AND MR B GQOZO	QUOTATIONS WERE REQUESTED FROM PROFCON,BUITENVERWAGTEN GH & AVONDRUST GHAND THE LATTER TWO SAID THEY COULD NOT BE ABLE TO ACCOMMODATE AS THEY ARE FULL. ALL THE OTHER PLACES SAID THEY ARE FULL. AND DID NOT WILLING TO WRITE. WE COULD ONLY GET A QUOTE FROM PROFCON RESORT.	s36(1)(a)(v)	AO	R 6 800.00	44699
2015/12/22	BG SECURITY	AFTER HOURS SERVICE	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	44824
2015/12/22	BG SECURITY	TELEPHONE SERVICE: WATER	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	44828

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
FINANCIAL SERVICES							
2015/10/02	MEDIA 24 BPK	RAPPORT NEWSPAPER FOR 12 MONTH	MEDIA 24 IS THE ONLY COMPANY SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES FOR THE PERIOD OF 12 MONTHS.	s36(1)(a)(v)	AAO	R 7 331.46	43962
2015/10/05	MEDIA 24 BPK	SUBSCRIPTION FEES FOR RAPPORT FOR 6 MONTHS	MEDIA 24 IS THE ONLY COMPANY SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES FOR THE PERIOD OF 12 MONTHS.	s36(1)(a)(v)	AAO	R 4 273.29	43977
2015/10/05	TIMES MEDIA EC	SUBSCRIPTION FEES FOR LIBRARIES	TIMES MEDIA IS THE ONLY COMPANY SUPPLYING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARY.FINANCE DEPARTMENT,MUNICIPAL MANAGER'S DEPARTMENT,CORPORATE SERVICES.	s36(1)(a)(v)	AAO	R 2 585.00	43976
2015/10/05	B G SECURITY	CIT TRANSPORT AND GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AAO	R 5 938.58	43973
2015/10/13	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.	s36(1)(a)(v)	AO	R 18 023.40	44055
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	ASSISTANCE ON NM SCOTT PAYE ON SALARY	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS FOR ASSISTANCE FOR CORRECTING THE PAYE FOR THE MAYOR.	s36(1)(a)(v)	AO	R 4 676.18	43411
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	USER GROUP DEVELOPMENT SHARE OF COSTS	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS SAMRAS USER GROUP SHARE OF COSTS OF DEVELOPMENTS AMONG MUNICIPALITIES THAT USE THE SYSTEM.	s36(1)(a)(v)	AO	R 12 910.24	44078
2015/10/14	BYTES TECHNOLOGY GROUP SOUTH AFRICA	ASSISTANCE ON SARS BI ANNUAL PROJECT PLAN	BYTES IS THE SERVICE PROVIDER FOR MUNICIPALITY'S FINANCIAL SYSTEM .THIS IS FOR ASSISTANCE FOR CORRECTING ERRORS OF IRPs FOR SARS BI ANNUAL SUBMISSION.	s36(1)(a)(v)	AO	R 4 355.00	44080

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/26	CELL-U-TECH	LCD REPLACEMENT, SCR EEN REPLACE	THIS PAYMENT IS INSURANCE CLAIMS FOR CONTRACT CELLPHONES.THE CONTRACTS IS WITH AUTOPGE-CELL-U-TECH AND WHEN THE PHONES GOT DAMAGEDIT WAS SEND IN FOR REPAIRS.THE INSURANCE DID RECEIVE THE QUOTES AND THEN PAID THE AMOUNTS FOR THE REPAIRS OF THE CELLPHONE INTO THE MUNICIPALITY'S BANK ACCOUNT IN ORDER FOR US TO PROCESS THE PAYMENT TO THE SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 8 979.89	43508
2015/10/26	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 003.38	44195
2015/10/28	SOMERSET BUDGET	T14/2015-SUPPLY AND DELIVERY OF SILL CONCRETE PIPING AND T15/2015-SUPPLY AND DELIVERY OF FLEET FOR BCMR	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN PROCESS OF APPLYING FOR A NEW TCC.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA,HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 5 386.50	44225
2015/11/19	RENNIES TRAVEL PTY LTD	CAR RENTAL FOR CORPORATE SERVICES FROM THE 20TH NOVEMBER	XL BAY IS THE CHEAPEST OUT OF THREE QUOTATIONS RECEIVED, BUT THEY QUOTED ON REFERRAL VOUCHER WHERE THE MUNICIPALITY HAS TO PAY DIRECTLY WHEN PICKING UP THE CAR. THE MUNICIPALITY THE MUNICIPALITY DOES NOT HAVE THE CREDIT CARD AS PER MFMA.	s36(1)(a)(v)	AAO	R 20 301.15	44506
2015/11/19	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 4 335.44	44489
2015/11/19	BG SECURITY	GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH-IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AO	R 5 956.98	44499
2015/11/19	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, THEY ARE THE ONLY ONE WHO HAVE DEREGISTERED ON PSIRA,(VUKA UZENZELE WERE THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 39 780.32	44491

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/01	SONDLO AN KNOPP ADVERT	CANCELLATION OF TENDERS	THE TENDER FOR THE UPGRADING OF SPORTSFIELD WAS ADVERTISED ON THE HERALD AND IT HAS TO BE CANCELLED ON THE PAPER I WAS ADVERTISED ON. QUOTATIONS WERE REQUESTED FROM CRACKER JACK, BOOM TOWN, SONDLO AND THE HERALD. WE ONLY RECEIVED QUOTES FROM THE HERALD AND SONDLO.	s36(1)(a)(v)	AO	R 3 170.34	44623
2015/12/02	FREMA CONSULTANTS	GUARD DUTIES FOR SEPTEMBER 2015 AND OCTOBER 2015	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS (VUKA UZENZELE) HAS BEEN DEREGISTERED ON PSIRA. HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE. THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AO	R 19 376.78	44651
2015/12/17	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF BLUECRANE ROUTE MUNICIPALITY. THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE IS IN THE PROCESS.	s36(1)(a)(v)	AAO	R 2 623.76	44800

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/22	BG SECURITY	GUARD DAY SHIFT	BG SECURITY SERVICES SUPPLY THE FINANCE DEPARTMENT WITH THE FOLLOWING SERVICES: CASH- IN - TRANSIT AND GUARD DAY SHIFT.	s36(1)(a)(v)	AO	R 5 956.98	44499
2015/12/23	B G SECURITY	GUARD DUTIES:MAYOR' S HOUSE, DEPOT	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, THEY ARE THE ONLY ONE WHO HAVE DEREGISTERED ON PSIRA,(VUKA UZENZELE WERE THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AAO	R 85 782.15	44843
CORPORATE SERVICES							
2015/10/01	B G SECURITY	SECURITY/ALARM SYSTEMS/SERVICE IRO SEPT 2015:VARIOUS BUILDING,OLD IEC OFFICES, AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCMR AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	43940
2015/10/01	CHRIS BAKER AND ASSOCIATES	LEGAL COST IRO SEP 2015 IN RE ONGOING LEGAL MATTERS	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRYON MAKING USE OF THIS SERVICE PROVIDER.THIS IS PART PAYMENTON THE COURT CASE OF MR DREYER.	s36(1)(a)(v)	AO	R 3 707.51	43941
2015/10/01	SOMERSET BUDGET	PUBLICATION OF NOTICE 45/2015:DRAFT BY-LAWS	TAX CLEARANCE HAS EXPIRED.SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE(SEE EMAIL ATTACHED).THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AO	R 2 154.60	43942

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/08	SOMERSET BUDGET	ADVERT FOR PMU MANAGER	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER-ADVERT FOR PMU MANAGER	s36(1)(a)(v)	AO	R 2 308.50	43696
2015/10/28	SOMERSET BUDGET	PUBLICATION OF NOTICE 50/2015: SPECIAL COUNCIL MEETING	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AAO	R 1 077.30	44231
2015/10/30	B G SECURITY	SECURITY SERVICES IRO OCTOBER 2015 AT VARIOUS BUILDINGS, IEC OFFICES AND AIRFIELD TERMINAL	BG SECURITY IS THE ONLY SUPPLIER IN BCMR AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	44252
2015/11/13	B G SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY. THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY	s36(1)(a)(v)	AO	R 17 426.15	44416
2015/11/13	XL BAY TRAVEL	ACCOMMODATION FLIGHT AND CAR RENTAL FOR MS Z.NTILE	WE HAVE ONLY 4 ACCREDITED TRAVEL AGENCIES AND THE 4TH IS NO LONGER INTERESTED IN QUOTING FOR US. WILLARDS HAS NOT QUOTED DESPITE THE ATTACHED REQUEST.	s36(1)(a)(v)	AO	R 11 131.34	44421

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/16	BG SECURITY	ALARM MONITOR & SECURITY SERVICES FOR NOV.2015 AT VARIOUS	BG SECURITY IS THE ONLY SUPPLIER IN BCRM AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AO	R 7 765.00	44428
2015/11/19	SMITH TABATA INCORPORATED	LEGAL COSTS IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 400 795.89	44500
2015/11/19	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 22 800.00	44501
2015/11/19	ABRAHAMSON & REYNOLDS	LEGAL COSTS RE BCRM/SANTAM REQUESTED DOCUMENTS	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 5 293.02	44502
2015/11/27	NOLTE SMIT ATTORNEYS	LEGAL COSTS INCURRED	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 2 229.01	44598

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/27	NOLTE SMIT ATTORNEYS	LEGAL COSTS RE MATTER OF STANDARD BANK VERSUS BCMR	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 7 524.00	44596
2015/12/03	SOMERSET BUDGET	COUNCIL MEETING 10/12/2015	TAX CLEARANCE HAS EXPIRED. SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE. THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AO	R 692.55	44668
2015/12/04	ROYAL HOTEL	ACCOMMODATION FOR CHIEF FIRE OFFICER MR A CONWAY	SOMERSET HOTEL DOES NOT PROVIDE SELF SERVICES CATERING AND THE MOUNTAIN VIEW IS FULLY BOOKED FOR THE SAID DATES. WE ONLY GOT A QUOTE FROM ROYAL HOTEL.	s36(1)(a)(v)	AAO	R 8 400.00	44678
2015/12/14	KUKA CONSULTING	ATTENDING ON SHORTLISTING OF OHS OFFICER	KUKA CONSULTING WAS APPOINTED IN TENDER T07/2014 (OHS) AND THEY DEVELOPED POLICIES AND PLANS FOR THE MUNICIPALITY. THEY HAVE BEEN PART OF RECRUITMENT ON INITIAL RECRUITMENT AND HAVE TO BE CONSULTED TO DO SHORTLISTING & INTERVIEWS FOR TECHNICAL ASSISTANCE TO THE MUNICIPALITY.	s36(1)(a)(v)	AO	R 9 131.00	44782
2015/12/14	SOMERSET BUDGET	PUBLICATION OF NOTICE 60/2015	TAX CLEARANCE HAS EXPIRED. SOMERSET BUDGET ARE IN PROCESS OF APPLYING FOR NEW ONE. THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING THERE.	s36(1)(a)(v)	AAO	R 1 577.74	44781
2015/12/21	BG SECURITY	ALARM SYSTEM & SECURITY SERVICES IRO DEC 2015	BG SECURITY IS THE ONLY SUPPLIER IN BCMR AREA THAT OFFERS ALARM SYSTEM SERVICES.	s36(1)(a)(v)	AAO	R 7 765.00	44817

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO OF TAX INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 4 577.10	44837
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES IRO OCTOBER 2015	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 6 067.08	44838
2015/12/23	ALGOA TOYOTA	100 000KM SERVICE AS PER QUOTATION	ONLY AGENTS HINO TIPPER 100 000KM SERVICE MAJOR SERVICE ONLY BY HINO ALGOA IN PORT ELIZABETH.	s36(1)(a)(v)	AO	R 12 185.28	44732
2015/12/23	CHRIS BAKER AND ASSOCIATES INC	LEGAL FEES RE TAX INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONEDSERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY , FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 2 610.60	44835
COMMUNITY SERVICES							
2015/10/01	SOMERSET BUDGET	FIRE EMERGENCY REPORT BOOKS	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE.THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA,HENCE WE ARE ADVERTISING ON THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 5 464.94	43938

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/10/02	BKB LIMITED	STRASSBERGER 9RL SHOES SIZE 7*1, SIZE 8*1, SIZE 5*1	SHOE DISTRIBUTOR AGENCIES OF STRASSBERGER ARE OVK, BKB AND DIE HUMANSDORP KOPARASIE. OVK AND HUMANSDORP COOP ARE NOT ON THE DATABASE AND BKB IS. WE HAVE TRIED TO REGISTER THEM BUT THEY ARE NOT RETURNING THE FIRMS.	s36(1)(a)(v)	AAO	R 5 464.94	43952
2015/10/05	B G SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY. THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R 15 755.71	43967
2015/10/06	SOMERSET BUDGET	OCCUPATIONAL HEALTH & SAFETY OFFICER	WE ADVERTISE ON THE SOMERSET BUDGET BECAUSE THEY ARE THE ONLY SUPPLIER IN TOWN AND WE WANT TO APPEAL TO THE LOCAL COMMUNITY AND THE NEIGHBOURING SMALL TOWNS THAT THE NEWSPAPER SUPPLIES	s36(1)(a)(v)	AAO	R 2 270.00	43984
2015/10/13	SOMERSET BUDGET	NOTICE TRAFFIC DEPARTMENT ADVERTISEMENT	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA, HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 1 026.00	44053
2015/11/03	TASIMA (PTY) LTD	ON SITE INSTALLATION SET UP TESTING	TASIMA IS THE ONLY SERVICES PROVIDER. DUE TO THE RENOVATION AT THE TRAFFIC DEPT. WE AS THE TRAFFIC DEPT WAS DISCONNECTED HENCE WE TRYING TO GET RECONNECTED.	s36(1)(a)(v)	AAO	6 630.24	44 292.00
2015/11/04	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY. THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY	s36(1)(a)(v)	AAO	17 426.27	44 315.00
2015/11/06	BELL EQUIPMENT SALES	REMOVE SUPPLY AND REMAN TRANSMISSION FLZ378EC	THE TLB WAS BOUGHT FROM THIS SERVICE PROVIDER AND THEY ARE ALSO SERVICING IT. THEY ARE THE MANUFACTURERS OF THIS MACHINE.	s36(1)(a)(v)	AO	109 511.60	44 345.00

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/11/20	BG SECURITY	GUARD NIGHT SHIFT, GUARD DAY SHIFT, GUARD SUNDAY SHIFT	THIS IS THE SECURITY GUARD FOR THE TRAFFIC DEPARTMENT FOR THE NEW BUILDING THAT WAS BURGLARED LAST NIGHT .THE ALARM SYSTEM IS ALSO DISCONNECTED DUE TO THE RENOVATIONS.GUARDING SERVICES ARE NEEDED IMMEDIATELY UNTIL THE SYSTEM IS CONNECTED. A SAFE WAS ALSO TAKEN DURING THE BURGLARY.	s36(1)(a)(v)	AAO	2 648.29	44 530.00
2015/11/24	PINE LODGE	ACCOMMODATION FOR V.BALASANA FROM 24-27/11/2015	QUOTATIONS WERE REQUESTED FROM DIFFERENT SUPPLIERS;SUMMERSTRAND HOTEL IS FULLY BOOKED AND COULDN'T PROVIDE QUOTATION ,ROAD LODGE IS ALSO FULLY BOOKED ON THE 25TH OF NOVEMBER 2015,AS WEL AS OTHER PLACES IN PORT ELIZABETH ARE FULLY BOOKED,HENCE WE ARE USING PINE LODGE.	s36(1)(a)(v)	AO	3 270.00	44 547.00
2015/12/02	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM CL79301	DE KLERK'S BODY WORKS IS THE ONLY SERVICE PROVIDER WHO'S TAX CLEARANCE IS IN PLACE AND IT IS ALSO THE SERVICE PROVIDER APPROVED BY THE MUNICIPALITY'S INSURER AS THIS IS AN INSURANCE CLAIM.	s36(1)(a)(v)	AO	R 3 000.00	44639
2015/12/15	BOSBERG ENTERPRISES	BCRM TRAFFIC SERVICES SIGNAGE	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 3 400.00	44792
2015/12/15	BOSBERG ENTERPRISES	BCRM TRAFFIC SERVICES ORANGE AND BLUE REFLECTIVE	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	s36(1)(a)(v)	R 4 000.00	44791

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2015/12/15	BELL EQUIPMENT SALES	REMOVE SUPPLY AND REMAN TRANSMISSION FL378EC	THE TLB WAS BOUGHT FROM THIS SERVICE PROVIDER AND THEY ARE ALSO SERVICING IT. THEY ARE THE MANUFACTURERS OF THIS MACHINE.	s36(1)(a)(v)	AO	R 109 511.60	44345
2015/12/15	BOSBERG ENTERPRISES	METAL BOARDS AND ABS BOARDS	THE SUPPLIER IS THE ONLY LOCAL SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 3 500.00	44750
2015/12/17	SPARKS & ELLIS	PANTERA JACKET SIZE 14 ON SHELF MADE UP	THE SERVICE PROVIDER IS THE ONLY SUPPLIER THAT HAS ALL THOSE UNIFORM ITEMS FOR THE NEWLY-APPOINTED CHIEF FIRE OFFICER WHO URGENTLY REQUIRES THE UNIFORM.	s36(1)(a)(v)	AAO	R 10 665.68	44796
MUNICIPAL MANAGER							
2015/10/14	SOMERSET BUDGET	CNDC LAUNCH NOTICE/ADVERT	THE TAX CLEARANCE CERTIFICATE OF SOMERSET BUDGET HAS EXPIRED AND THEY ARE IN THE PROCESS OF APPLYING FOR A NEW TAX CLEARANCE CERTIFICATE. THE COMPANY IS THE ONLY LOCAL NEWSPAPER IN THE BCMR AREA, HENCE WE ARE ADVERTISING IN THEIR NEWSPAPER.	s36(1)(a)(v)	AO	R 961.87	44068
2015/1/19	NOLTE SMIT ATTORNEYS	TRANSLATION OF COURT RECORDS	IMPRACTICAL TO FOLLOW SCM PROCESSES DUE TO THE FACT THAT THE SERVICES WERE RENDERED BY A COURT JUDGEMENT	s36(1)(a)(v)	AO	R 8 550.00	44503
2015/1/19	BYTES TECHNOLOGY GROUP	USER GROUP DEVELOPMENT	BYTES IS THE SERVICE PROVIDER FOR THE MUNICIPALITY'S FINANCIAL SYSTEM. THIS IS SAMRAS USER GROUP SHARE OF COSTS DEVELOPMENT AMONG MUNICIPALITIES THAT USE THE SYSTEM.	s36(1)(a)(v)	AO	R 5 739.13	44536

ANNEXURE A – DEVIATION REGISTER 01 JANUARY TO 31 MARCH 2016

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2016/01/07	ASD INTERNATIONAL	REPAIR AND PAINT BODY WORKS	ONLY ONE SUPPLIER OF THIS KIND OFF SERVICE IN SOMERSET EAST.	s36(1)(a)(v)	AAO	R 3 100.80	44878
2016/01/27	ALGOA TOYOTA	40000 KM SERVICE AS PER QUOTATION	40000 KM SERVICE DONE BY AGENTS ONLY HINO ALGOA AGENTS ONLY IN PE.	s36(1)(a)(v)	AAO	R 3 996.11	45073
2016/01/28	ASD INTERNATIONAL	HIRE OF TLB 3.9 HRS AT 420/HRS CALL OU FEE	WE WERE HAVING A BREAKDOWN AND THE WATER COULDN'T SUPPLIED FOR THE OTHER PART OF TOWN SO WE NEEDED A TLB FOR EXCAVATION WHILE THE MUNICIPAL TLB'S WERE BOTH BROKEN SO WE END-UP CALLING FOR ASD TO HIRE THEIR TLB.	s36(1)(a)(v)	AAO	R 2 323.32	45078
2016/02/11	BG SECURITY	AFTER HOURS SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	45214
2016/02/11	BG SECURITY	TELEPHONE SERVICES:WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER DEPT AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	45200
2016/02/11	BG SECURITY	TELEPHONE SERVICES:WATER DEPT	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO WATER DEPT AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 2 859.12	45201
2016/02/15	ASD INTERNATIONAL	REBUILD TLB BUCKET AND SUPPLY PLATES AS PER QUOTATION	ONLY ONE PROVIDER IN SOMERSET EAST FOR QUOTATIONS. FOR QUOTATIONS TO BE SOUGHT IN PE THE BUCKET MUST BE TAKEN OFF AND TRANSPORTED TO PE .THIS BUCKET WEIGH NEARLY 500 KG.	s36(1)(a)(v)	AO	R 24 042.60	45233

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/25	BG SECURITY	AFTER HOURS SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS.THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AAO	R 3 990.00	45343
2016/02/25	UD TRUCKS	C+SERVICE AS PER QUOTATION	50000KM SERVICE ONLY AGENTS WHICH IS BILLSON TRUCKS IN PE	s36(1)(a)(v)	AAO	R 11 908.55	45346
FINANCIAL SERVICES							
2016/01/12	TIMES MEDIA EC	ADENDUM T01 & T02 UPGRADING OF SPORTSFIELD IN COOKHOUSE AND PEARSTON	WE ARE UNABLE TO GET OTHER QUOTATIONS FROM OTHER SUPPLIERS AS THE ADVERT MUST BE PUBLISHED IN THE HERALD THE FOLLOWING DAY (12/01/2016).ONE QUOTE WAS RECEIVED FROM TIMES MEDIA.	s36(1)(a)(v)	AAO	R 2 900.16	44891
2016/01/22	FREMA CONSULTANTS	GUARD DUTIES FOR NOVEMBER 2015, DECEMBER 2015 AND JANUARY 2016	THERE ARE THREE SERVICE PROVIDERS OFFERING SECURITY SERVICES ON OUR DATABASE.ONE OF THE SERVICE PROVIDERS (VUKA UZENZELE) HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A QUOTE FROM THEM ANYMORE.THIS CONTRACT WAS EXTENDED FOR TWO MONTHS.	s36(1)(a)(v)	AO	R 30 270.67	45005
2016/02/03	NOLTE SMIT ATTORNEYS	LEGAL FEES	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS(LEGAL MATTERS) ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY.THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE TENDER IS IN THE PROCESS.	s36(1)(a)(v)	AO	R 1 047.82	45141

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/15	RENNIES TRAVEL PTY LTD	FLIGHT TO JOHANNESBURG AND CAR HIRE FOR MR G GOLIATH ATTENDING CONSULTATION OF THE REVISED PRICING STRATEGY	WE REQUESTED THREE QUOTATIONS FROM TRAVEL AGENCIES XL BAY, RENNIES TRAVEL AND WILLARDS TRAVEL. THE CHEAPEST IS XL BAY BUT THEY ONLY DOREFFERAL FOR CAR HIRE AND THE MUNICIPALITY MUST HAVE A CREDIT CARD WITH AN AMOUNT OF R491.00 OF WHICH THE MUNICIPALITY DOESN'T HAVE A CREDIT CARD.	s36(1)(a)(v)	AO	R 12 543.93	45232
2016/02/23	SONDLO AND KNOPP ADVERTISING CC	PLACEMENT OF NOTICE 08/2016	WE RECEIVED THREE QUOTES BUT IT IS IMPOSSIBLE TO PLACE THE NOTICE IN THE DAILY DISPATCH AS IT IS NOT A LOCAL PAPER, THEREFORE THE NOTICE MUST BE PLACE IN THE HERALD THAT IS A LOCAL NEWSPAPER. NOTE SUPPLY CHAIN REGUALTION 36.	s36(1)(a)(v)	AAO	R 3 009.60	45310
2016/03/07	B G SECURITY	GUARD DUTIES DEPOT, AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, (VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA, (VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 43 042.71	45452
2016/03/07	B G SECURITY	GUARD DUTIES DEPOT, AIRFIELD AND MAYOR'S HOME	OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, (VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA, (VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 41 829.51	45455
CORPORATE SERVICES							
2016/01/27	SONDLO AND KNOPP ADVERTISING CC	TRAFFIC OFFICERS ADVERT SOMERSET BUDGET	THE TRAFFIC OFFICER POSITION IS GOING TO BE ADVERTISED IN THE SOMERSET BUDGET THROUGH THE USE OF SONDLO & KNOPP ADVERTISING, DUE TO THE SOMERSET BUDGET'S TAX CLEARANCE CERTIFICATE PROBLEMS. S/BUDGET IS CHEAPER. OTHER AGENCIES (BOOM TOWN & CRACKER JACK) ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AAO	R 2 147.32	45076

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/01/27	SONDLO AND KNOPP ADVERTISING CC	TRAFFIC OFFICERS ADVERT THE DAILY DISPATCH	OTHER AGENCIES (BOOM TOWN & CRACKER JACK) ARE NOT INTERESTED IN QUOTING STATING THAT WE HAVE TO BOOK WITH THEM TWO WEEKS PRIOR PUBLICATION.	s36(1)(a)(v)	AAO	R 11 812.68	45077
2016/02/11	ABRAHAMSON & REYNOLDS	LEGAL COSTSEXCHANGE TRANSFERS BCRM TO JC	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 12 685.54	45203
2016/02/11	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO JANUARY 2016	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 2 704.88	45204
2016/02/11	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 44 247.67	45202

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/12	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AAO	R 79 950.30	45223
2016/02/19	BG SECURITY	LARM SECURITY SERVICES FOR FEB 2016 AT VARIOUS BUILDINGS	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCMR AREA.	s36(1)(a)(v)	AO	R 7 765.00	45292
2016/02/19	SMITH TABATA INCORPORATED	LEGAL FEES	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 188 784.00	45293
2016/02/19	BG SECURITY	SUPPLY OF ALARM SYSTEM SERVICES FOR JAN 2016	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCMR AREA.	s36(1)(a)(v)	AO	R 7 765.00	45295
2016/03/08	CHRIS BAKER AND ASSOCIATES INC	LEGAL COSTS IRO FEBRUARY 2016	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS.	s36(1)(a)(v)	AO	R 11 374.01	45472

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/03/08	B G SECURITY	ALARM SERVICES IRO MARCH 2016 AT VARIOUS BUILDING,AIRFIELD TERMINAL,OLD IEC OFFICES	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCMR AREA.	s36(1)(a)(v)	AO	R 7 765.00	45474
2016/03/31	ABRAHAMSON & REYNOLDS	LEGAL COSTS RE TRANSFER OF PROPERTIES AND REPORT OF PENDING	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY,FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER ABRAHAMSON & REYNOLDS AND ASSOCIATES ARE CURRENTLY HANDLINGVARIOUS TRANSFERS OF MUNICIPAL PROPERTIES MATTERS .THIS IS A PART PAYMENT ON THE ABOVEMENTIONED ONGOING MATTERS.	s36(1)(a)(v)	AO	R 2 091.90	45644
COMMUNITY SERVICES							
2016/01/07	HOUDINI SECURITY CC	OPEN SAFE WITH KEY NOT WORKING	THERE IS ONLY TWO SERVICE PROVIDERS WITHIN THE SARAH BAARTMAN DISTRICT.DUE TO THE URGENCY OF THE OPERATION OF THE NEWLY RENOVATED TRAFFIC BUILDING ,THE JAMMED WALK-IN SAFE REQUIRES OPENING AND REPAIRING.	s36(1)(a)(v)	AAO	R 4 100.00	44866
2016/02/02	ALGOA TOYOTA	SERVICE 150000KM FDJ940EC	TRUCK FOR SERVICE DELIVERY NEEDS SERVICE AND LOCAL PROVIDER DOES NOT SERVICE TRUCKS.HINO ALGOA IS THE ONLY ONE ON OUR DATABASE.	s36(1)(a)(v)	AO	R 4 106.00	45108
2016/02/16	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY.THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R21 999.73	45256

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/02/18	BELL EQUIPMENT SALES SOUTH AFRICA	EXTERNAL REPAIRS	REPAIRS ALREADY DONE ON ORDER 44345 (ATTACHED) AND FURTHER REPAIRS NEED TO BE DONE THAT WERE PICKED UP WHILE WORKING ON THE TLB AS PER ATTACHED MEMO, EMAIL FROM SERVICE PROVIDER.	s36(1)(a)(v)	AO	R 59 767.86	45283
2016/03/09	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY. THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AAO	R 20 127.28	45491
MUNICIPAL MANAGER							
2016/01/21	ZZZ IN T/A CASABELLA GUESTHOUSE	ACCOMMODATION FOR CLLR YANTOLO AND CLLR MIKELO ATTENDING SESSION IN EAST LONDON	DUE TO THE FINISHING TIME OF THE SESSION CLLR MIKELO & YANTOLO WILL NOT BE ABLE TO TRAVEL. ACCOMMODATION FOR THE 2 NIGHTS WAS ALREADY DONE AT ZZZ B&B AND IT WAS THE CHEAPEST FROM THE 3 QUOTATIONS WE ASKED FROM OTHER SERVICE PROVIDERS HENCE WE ASKED AGAIN QUOTATION FOR THE EXTENDED ONE NIGHT 24 JANUARY 2016.	s36(1)(a)(v)	AO	R 8 560.00	44503
2016/01/25	PAUL JORDAAN PROMOSIES BK	PJ PROMO CONTRACT FOR B/F JUNE 2016	HIS DUTIES ARE CONTRACTING AND MANAGING ARTISTS AND HE IS ALSO INVOLVED IN THE MARKETING OF THE FESTIVAL USING THE ARTISTS' PLATFORM. HE HAS EXCELLENT CONTACTS IN THE BUSINESS OF ENTERTAINMENT, IS COMMITTED AND HAS YEARS OF EXPERIENCE. THIS WILL BE THE 25TH BILTONG FESTIVAL THAT HE WILL BE RESPONSIBLE FOR ENTERTAINMENT MANAGING. DUE TO HIS EXPERTISE IN THE FIELD AND FOR CONTINUITY WE THEREFORE RECOMMEND THAT HIS CONTRACT BE EXTENDED.	s36(1)(a)(v)	AO	R 34 185.00	45036

ANNEXURE A – DEVIATION REGISTER 01 APRIL TO 30 JUNE 2016

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
TECHNICAL SERVICES							
2016/04/05	UD TRUCKS	60000 KM SERVICE DONE AS PER QUOTATION	60000 KM SERVICE DONE ONLY BY AGENTS WHICH IS BILLSON TRUCKS IN PE	s36(1)(a)(v)	AO	R 12 038.92	45694
2016/04/08	B G SECURITY	AFTER HOUR SERVICES TELKOM	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	45721
2016/04/13	INDUSTRIAL AIR CONDITIONING	SUPPLY AND INSTALLATION OF SIX MID WALL UNIT AIR-CONDITIONER	THE MARKET WAS TESTED ON THREE DIFFERENT OCCASSIONS BY INVITING POTENTIAL SERVICE PROVIDERS VIA THE NEWSPAPERS TO SUPPLY THE BLUE CRANE ROUTE MUNICIPALITY WITH WRITTEN QUOTATIONS .THE SUPPLY CHAIN PROCESS WAS NOT SUCCESSFUL TO ATTRACT POTENTIAL SERVICE PROVIDERS.ATTACHED ARE THREE QUOTATIONS AND REPORT BY SCM PRACTITIONER.	s36(1)(a)(v)	AO	R 73 102.50	45773
2016/04/18	B G SECURITY	CIT TRANSPORT, GUARD DAY SHIFT	BG SECURITY IS THE ONLY SECURITY COMPANY IN OUR AREA THAT OFFERS CIT SERVICES GUARD DUTIES AT CASHIER OFFICE, TOWN HALL, SOMERSET EAST.	s36(1)(a)(v)	AAO	R 5 956.98	45811
2016/04/18	B G SECURITY	TELEPHONE SERVICE: WATER DEPT.	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 2 857.12	45807
2015/05/06	BOSCHBERG SUB AREA	BOARD RATES APRIL, MAY, JUNE	AN ORGANISATION THAT MANAGES THE CANAL THAT TAKES WATER THROUGH CANAL FROM THE GREAT FISH RIVER IN CRADOCK THROUGH TO COOKHOUSE AND SOMERSET EAST.	s36(1)(a)(v)	AO	R 19 760.76	42656
14-May	A&D POWER	SUPPLY AND INSTALL 11KV CABLE AT MAIN SUBSTATION	AEROVILLE WAS DAMAGED DURING LOAD SHEDDING ON 18/04/2015.A TEMPORARY CABLE IS USED TO LINK AEROVILLE TO COOKHOUSE.THIS COULD RESULT IN THE LOSS OF BOTH FEEDERS IF NOT REPAIRED.	s36(1)(a)(v)	AO	R 15 595.20	42743

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
19-May	B G SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 3 636.60	42776
20-May	BABCOK EQUIPMENT	VOE15171623 SEALING KIT	AGENTS ONLY	s36(1)(a)(v)	AO	R 2 027.95	42787
25-May	B G SECURITY	AFTER HOUR SERVICES	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 2 859.12	42838

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
23/06/2016	BG SECURITY	TELKOM, LABOUR	THIS IS AN AFTER HOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 3 990.00	46520
FINANCIAL SERVICES							
2016/04/11	FREMA CONSULTANTS	GUARD DUTIES AT THE SLEUCE	THERE ARE THREE SECURITY COMPANIES OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE SECURITY HAS BEEN DEREGISTERED ON PSIRA HENCE WE CANNOT ASK FOR A FROM THEM ANYMORE. THIS CONTRACT WAS EXTENDED FOR TWO MONTHS. OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, (VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA, (VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AAO	R 10 580.03	45730
2016/04/12	B G SECURITY	GUARD DUTIES DEPOT, AIRFIELD AND MAYOR'S HOME	THE UNDERMENTIONED SUPPLIER IS CURRENTLY DEALING WITH DEBTOR HANDOVERS ON BEHALF OF THE BLUE CRANE ROUTE MUNICIPALITY. THE MUNICIPALITY DID GO ON TENDER FOR LEGAL SERVICES AND THE ADJUDICATION OF THE TENDER IS IN THE PROCESS.	s36(1)(a)(v)	AAO	R 37 253.19	45731
2016/04/19	NOLTE SMIT ATTORNEYS	LEGAL FEES FOR FEBRUARY 2016		s36(1)(a)(v)	AO	R 978.24	45831

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/04/26	FREMA CONSULTANTS	GUARD DUTIES AT THE SLEUCE	THERE ARE THREE SECURITY COMPANIES OFFERING SECURITY SERVICES ON OUR DATABASE. ONE OF THE SERVICE PROVIDERS VUKA UZENZELE SECURITY HAS BEEN DEREGISTERED ON PSIRA. HENCE WE CANNOT ASK FOR A FROM THEM ANYMORE. THIS CONTRACT WAS EXTENDED FOR TWO MONTHS. OUT OF THE THREE SECURITY COMPANIES THAT ARE ON OUR DATABASE, (VUKA UZENZELE SECURITY) THEY ARE THE ONLY ONES WHO HAVE BEEN DEREGISTERED ON PSIRA, (VUKA UZENZELE WAS THE CHEAPEST BUT NOT COMPLIANT).	s36(1)(a)(v)	AO	R 9 698.38	45893
2016/04/26	B G SECURITY	GUARD DUTIES DEPOT, AIRFIELD AND MAYOR'S HOME	DEBTS ALREADY WITH THE ATTORNEYS	s36(1)(a)(v)	AO	R 48 737.35	45892
08-May	NOLTE & SMIT	LEGAL FEES	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS.	s36(1)(a)(v)	AO	R 22 653.53	42680
25-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	GENERAL MUNICIPAL BILLING-SAMRAS TRAINING 8 TO 12 JUNE 2015	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS.	s36(1)(a)(v)	AO	R 9 490.50	42841
27-May	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SAMRAS LEDGER REPORTS DEVELOP TIME	THE FINANCIAL SYSTEM THAT THE MUNICIPALITY USE IS BYTES SYSTEM INTEGRATION-SAMRAS.	s36(1)(a)(v)	AO	R 3 847.00	42858
23/06/2016	MEDIA 24 BPK	SUBSCRIPTION FEES FOR 12 MONTH LIBRARIES	MEDIA 24 IS THE COMPANY THAT IS SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS. HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES. CORPORATE SERVICES AND COMMUNICATIONS FOR THE PERIOD OF TWELVE MONTHS.	s36(1)(a)(v)	AO	R 10 421.97	46518
23/06/2016	TIMES MEDIA EC	SUBSCRIPTION FEES FOR 12 MONTH LIBRARIES	TIMES MEDIA IS THE COMPANY THAT IS SUPPLYING AFRIKAANS SPEAKING COMMUNITY WITH THE NEWSPAPERS. HENCE WE ARE PURCHASING NEWSPAPERS FROM THEIR COMPANY FOR OUR LIBRARIES. CORPORATE SERVICES AND COMMUNICATIONS FOR THE PERIOD OF TWELVE MONTHS.	s36(1)(a)(v)	AO	34 464.00	46519

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
27/06/2016	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SERVER AND INSTALLATION-PROD SQL	THE FINANCIAL SYSTEM THAT THE FINANCE DEPARTMENT USE IS SAMRAS AND THE SERVICE PROVIDER IS BYTES UNIVERSAL SYSTEM.THEY ALSO DO HAVE THE MSCOA WITHIN THE FINANCIAL SYSTEM AND THE SERVER HAVE TO BE UPGRADED TO ACCOMMODATE THE MSCOA AS PER NATIONAL LEGISLATION.	s36(1)(a)(v)	AO	R 205 206.33	46528
CORPORATE SERVICES							
2016/04/05	B G SECURITY	ALARM SERVICES IRO M	BG SECURITY IS THE SOLE SUPPLIER OF ALARM SYSTEM	s36(1)(a)(v)	AO	R 7 765.00	45687
04-May	B G SECURITY	SECURITY SERVICES IRO VARIOUS BUILDINGS	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 7 755.00	42632
07/06/2016	B G SECURITY	ALARM SERVICES FOR JUNE @ AIRFIELD TERMINAL	BG IS THE SOLE SUPPLIER OF ALARM SYSTEM SERVICES IN BCMR AREA	s36(1)(a)(v)	AO	R 7 765.00	46427
07/06/2016	SOMERSET BUDGET	BILTONG FESTIVAL ADVERT IN COLOUR	SOMERSET BUDGET IS THE ONLY SERVICE SUPPLIER WITHIN BCMR REGION THAT CAN OFFER ADVERTISING THROUGH ITS NEWSPAPER .THIS ADVERT IS REQUIRED FOR THE BILTONG FESTIVAL.	s36(1)(a)(v)	AO	R 11 787.60	46426
22/06/2016	SMITH TABATA INCORPORATED	LEGAL COST IN RE INVOICE	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY .FROM THE COMMENCEMENT OF THESE LEGAL MATTERS.IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.	s36(1)(a)(v)	AAO	R 3 665.16	46502
22/06/2016	CHRIS BAKER	LEGAL COST IN RE INVOICE		s36(1)(a)(v)		R 12 722.17	46507
22/06/2016	SOMERSET BUDGET	PUBLISHING OF NOTICE 30/2016	ONLY TWO QUOTATIONS WERE RECEIVED FROM DIFFERENT SERVICE PROVIDERS THE DAY BEFORE THE DATE OF THE ADVERT.	s36(1)(a)(v)	AO	R 2 178.59	46514
COMMUNITY SERVICES							

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
2016/04/08	BG SECURITY	CIT SERVICES BESTERSHOEK	THERE IS NO FORMAL CONTRACT FOR SECURITY SERVICES WITH BG SECURITY BUT THESE SERVICES ARE NEEDED IN BESTERSHOEK TO SECURE MUNICIPAL PROPERTY. THERE IS ALSO CASH IN TRANSIT ATTACHED TO THESE SERVICES AND BG SECURITY IS THE ONLY SECURITY COMPANY DOING IT LOCALLY.	s36(1)(a)(v)	AO	R 14 060.73	45726
14-May	B G SECURITY	SECURITY SERVICES AT BESTERSHOEK	NO CURRENT FORMAL CONTRACT FOR SECURITY SERVICES	s36(1)(a)(v)	AO	R 17 064.09	42727
08/06/2016	ASD INTERNATIONAL	GUTTING OF GRASS AT SHOW GROUNDS	THIS IS THE ONLY SERVICE PROVIDER LOCALLY WITH AVAILABLE EQUIPMENT & REGISTERED ON OUR DATABASE.	s36(1)(a)(v)	AO	R 9 576.00	46428
MUNICIPAL MANAGER							
05-May	MBHALENTLE CATERING	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	COULD NOT GET 3 QUOTATIONS AS PER ATTACHED MEMO	s36(1)(a)(v)	AO	R 2 250.00	42637
08/06/2016	MIRO DISTRIBUTION	ROUTEBOARD.SXT LITE	MIRO IS THE ONLY SUPPLIER THAT HAS THE NEEDED STOCK AND THAT CAN SUPPLY AT THE MOMENT. THE INTERNET ROUTER IS REQUIRES FOR THE TELEPHONE LINE AT THE BILTONG FESTIVAL GROUNDS.	s36(1)(a)(v)	AAO	R 8 548.20	46431
09/06/2016	SABC	BILTONG FESTIVAL ADVERTS ON SABC RADIO STATIONS	SERVICE ONLY PROVIDED BY SABC TO COVER NATIONAL AUDIENCE TO MARKET THE BILTONG FESTIVAL.	s36(1)(a)(v)	AO	R 53 317.80	46439
27/06/2016	BYTES TECHNOLOGY GROUP SOUTH AFRICA	SERVER AND INSTALLATION-PROD	THE FINANCIAL SYSTEM THAT THE FINANCE DEPARTMENT USE IS SAMRAS AND THE SERVICE PROVIDER IS BYTES UNIVERSAL SYSTEM. THEY ALSO DO HAVE THE MSCOA WITHIN THE FINANCIAL SYSTEM AND THE SERVER HAVE TO BE UPGRADED TO ACCOMMODATE THE MSCOA AS PER NATIONAL LEGISLATION.	s36(1)(a)(v)	AO	R 205 206.33	46528