



**Consolidated Annual Financial Statements  
for the year ended 30 June 2017**

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Index

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The reports and statements set out below comprise the consolidated annual financial statements presented to the Council.

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### Abbreviation

GRAP	Generally Recognised Accounting Practice
ADM	Amathole District Municipality
DBSA	Development Bank of South Africa
NT	National Treasury
PT	Easter Cape Provincial Treasury
DWAS	Department of Water and Sanitation
AEDA	Amathole Economic Development Agency SOC Limited t/a ASPIRE
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
MIG	Municipal Infrastructure Grant ( Previously CMIP)
VAT	Value added taxation
EPWP	Expanded Public Works Programme

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Mayoral Committee

Executive Mayor	Nxawe, N. N
Councillors	Mgidlana, N ( Corporate Services Human Resources and Admin) Plaatjie, N ( Community Safety ) Ganjana, B. M ( Land and Housing ) Zuka, S. M ( Local Economic Development ) Namba, M. M ( Strategic Planning ) Kabane, Z ( Budget and Treasury ) Jacobs, L. E. V ( Engineering and Infrastructure) Tekile, N. W ( Community Services:Health ) Bonga, N. A (Legislation and Essential Services)

### Grading and Jurisdiction

Grade 7

- Intergrated development planning for the District Municipality as a whole including a framework for all municipalities in the area
- Potable water supply system
- Domestic waste-water and sewerage disposal systems
- Solid waste disposal sites, in so far as it relates to :
  - determining a waste disposal strategy
  - regulation of waste disposal
- Municipal Health Services
- Fire fighting services serving the area
- Promotion of local tourism area
- The receipt and allocation of grants

The Amathole District Municipality is located in the mid-section of the Eastern Cape Province along the coastline of the Indian Ocean, encompassing the former homeland areas of the Ciskei and Transkei, as well as the former Cape.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## General Information

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### Provincial Administration areas

The Amathole District Municipality's dermarcated area is made up of six (6) local municipalities namely :

Amahlathi Municipality

Great Kei Municipality

Mbhashe Municipality

Mnquma Municipality

Ngqushwa Municipality

Raymond Mhlaba Municipality (formerly Nxuba and Nkonkobe municipalities)

### LEGISLATION

**The ADM complies with the following key and other related pieces of legislation :**

Municipal Finance Management Act 56 of 2003

Municipal Dermacation Act 27 of 1998

Municipal Structures Act 117 of 1998

Laws Amendment Act 51 of 2002

Constitution of the Republic of South Africa Act No. 108 as amended

Municipal Systems Act 32 of 2000

Water Service Act 108 of 1997

Basic Conditions of Employment Act 75 of 1997

Labour Relations Act 66 of 1995

Remuneration of the Public Office Bearers Act 20 of 1998

Division of Revenue Act 3 of 2016

Housing Act 107 of 1997

Local government transitions Act 209 of 1993

Local government transitions Act Second 97 of 1996

Local government : Municipal Planning and Performance Management Regulations 2001

Local government : Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers 2006

Supply Chain Management Regulations 2005

Value Added Tax Act 89 of 1991, and

Unemployment Insurance Act 30 of 1996

### Municipal Manager

T.T. Mnyimba

### Business address

Waverly Office Park  
No 3 - 33 Phillip Frame Road  
Chiselhurst  
5247

### Telephone /Fax number

043 701 4000 / 043 742 0337

### Postal address

PO Box 320  
East London  
5200

### Banker

Standard Bank, East London

### Auditors

Auditor General of South Africa  
Registered Auditors

# Amathole District Municipality

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## General Information

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### Councillors

Baleni, X	Mbhashe Local Municipality
Kalityi, S. D	Mbhashe Local Municipality
Tyodana, X	Mbhashe Local Municipality
Genyana, C	Mbhashe Local Municipality
Nyalambisa, N	Mbhashe Local Municipality
Nqwena, N	Mbhashe Local Municipality
Msindwana, K	Mbhashe Local Municipality
Mafanya-Goniwe, T	Mbhashe Local Municipality
Hobo, A	Amahlathi Local Municipality
Balindlela, T	Amahlathi Local Municipality
Pose, N	Amahlathi Local Municipality
Mevana, N.V	Great Kei Local Municipality
Skelenge, N	Mnquma Local Municipality
Siyo, Z	Mnquma Local Municipality
Plaatjie, N	Mnquma Local Municipality
Tshona, N. R	Mnquma Local Municipality
Xhongwana, Z	Mnquma Local Municipality
Mnqokoyi, Z	Mnquma Local Municipality
Magwaca, K	Mnquma Local Municipality
Bomela, Z	Mnquma Local Municipality
Dywili, M. D	Raymond Mhlaba Local Municipality
Penisi, L. D	Raymond Mhlaba Local Municipality
Badi, X. C	Raymond Mhlaba Local Municipality
Ngaye, T	Raymond Mhlaba Local Municipality
Auld, C. A	Raymond Mhlaba Local Municipality
Maneli, S	Ngqushwa Local Municipality
Ncanywa, D	Ngqushwa Local Municipality
Siwisa, M. T	Ngqushwa Local Municipality
Konza, N	Proportional Representative
Mfencane, N	MPAC Chairperson
Rulashe, N	Proportional Representative
Lombard, J	Proportional Representative
Matshobeni, A	Proportional Representative
Sitole, P. S	Proportional Representative
Tolobisa, M. D	Proportional Representative
Goniwe, P. B	Proportional Representative

### Directors ASPIRE

Mbede, N.E (Board Chairperson)  
July, M.M (Deputy Chairperson)  
Buswana, T  
Mushohwe, F  
Mosehana, M.M  
Nkwentsha, T.W  
Qunta, A.T

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated annual financial statements fairly present the state of affairs of the municipality and group 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 consolidated annual financial statements and was given unrestricted access to all financial records and related data.

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

The consolidated 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 they are 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 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 are 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 consolidated 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 2018 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on the grants for continued funding of operations. The consolidated annual financial statements are prepared on the basis that the municipality is a going concern and that the Amathole District Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

The external auditors are responsible for independently reviewing and reporting on the group's consolidated annual financial statements.

The consolidated annual financial statements set out on pages 7 to 98, which have been prepared on the going concern basis, were approved on 30 June 2017 and were signed on its behalf by:

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**T.T. Mnyimba**  
Municipal Manager

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**N. Ntshanga**  
Chief Financial Officer

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Financial Position as at 30 June 2017

Figures in Rand	Note(s)	Group		Municipality	
		2017	2016 Restated	2017	2016 Restated
<b>Assets</b>					
<b>Current Assets</b>					
Inventories	<a href="#">11</a>	8 424 226	8 537 205	8 424 226	8 537 205
Receivables from exchange transactions	<a href="#">12</a>	68 856 996	58 679 182	68 856 996	58 679 182
Receivables from non- exchange transactions	<a href="#">13</a>	11 238 185	9 423 249	11 103 477	9 273 992
VAT receivable	<a href="#">14</a>	45 337 734	44 238 280	45 337 734	44 054 118
Current tax receivable	<a href="#">23</a>	-	291 620	-	-
Current portion of receivables transferred from non current receivables	<a href="#">8</a>	-	125 597 660	-	125 597 660
Cash and cash equivalents	<a href="#">15</a>	176 785 861	147 675 208	167 557 250	131 364 632
		<b>310 643 001</b>	<b>394 442 404</b>	<b>301 279 682</b>	<b>377 506 789</b>
<b>Non - Current Assets</b>					
Investment property	<a href="#">3</a>	152 121 774	152 479 387	152 121 774	152 479 387
Property, plant and equipment	<a href="#">4</a>	4 626 588 672	4 509 222 452	4 626 364 966	4 508 864 471
Intangible assets	<a href="#">5</a>	23 389 536	14 990 903	23 387 414	14 980 770
Heritage assets	<a href="#">6</a>	400 000	400 000	400 000	400 000
Investments in controlled entities	<a href="#">7</a>	-	-	1 000	1 000
Non current receivables	<a href="#">8</a>	1 710 906	1 712 595	1 710 906	1 712 595
		<b>4 804 210 887</b>	<b>4 678 805 337</b>	<b>4 803 986 060</b>	<b>4 678 438 223</b>
<b>Total Assets</b>		<b>5 114 853 887</b>	<b>5 073 247 741</b>	<b>5 105 265 741</b>	<b>5 055 945 012</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Current portion: Interest bearing borrowing - DBSA	<a href="#">18</a>	-	132 684 268	-	132 684 268
Financial lease obligation	<a href="#">16</a>	148 421	2 738 674	148 421	2 738 674
Payables from exchange transactions	<a href="#">20</a>	373 294 339	270 471 734	372 121 853	269 077 382
VAT Payable	<a href="#">21</a>	45 235	-	-	-
Taxes and transfers payable (non - exchange)	<a href="#">22</a>	3 146 449	7 392 370	3 146 449	7 392 370
Consumer deposits	<a href="#">24</a>	2 989 539	2 757 829	2 989 539	2 757 829
Unspent conditional grants and receipts	<a href="#">17</a>	58 723 117	56 394 186	50 801 687	41 914 426
Provisions	<a href="#">19</a>	6 757 481	7 535 787	6 757 481	7 535 787
		<b>445 104 582</b>	<b>479 974 848</b>	<b>435 965 430</b>	<b>464 100 736</b>
<b>Non- current Liabilities</b>					
Financial lease obligation	<a href="#">16</a>	659 962	465 035	659 962	465 035
Operating lease liability	<a href="#">9</a>	1 349 195	2 865 513	1 301 522	2 844 286
Employee benefit obligation	<a href="#">10</a>	263 544 392	239 187 601	263 544 392	239 187 601
		<b>265 553 550</b>	<b>242 518 149</b>	<b>265 505 876</b>	<b>242 496 920</b>
<b>Total Liabilities</b>		<b>710 658 132</b>	<b>722 492 997</b>	<b>701 471 306</b>	<b>706 597 656</b>
<b>Net Assets</b>		<b>4 404 195 755</b>	<b>4 350 754 744</b>	<b>4 403 794 435</b>	<b>4 349 347 356</b>
<b>Reserves</b>					
Accumulated surplus		4 404 195 755	4 350 754 744	4 403 794 435	4 349 347 356
<b>Total Net Assets</b>		<b>4 404 195 755</b>	<b>4 350 754 744</b>	<b>4 403 794 435</b>	<b>4 349 347 356</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Financial Performance as at 30 June 2017

Figures in Rand	Note(s)	Group		Municipality	
		2017	2016 Restated	2017	2016 Restated
<b>Revenue</b>					
<b>Revenue from exchange transaction</b>					
Service charges	<a href="#">26</a>	222 413 354	215 372 315	222 413 354	215 372 315
Rental of facilities and equipment	<a href="#">27</a>	335 593	984 350	335 593	984 350
Interest earned outstanding receivables	<a href="#">53</a>	32 914 767	37 408 693	32 914 767	37 408 693
Other income	<a href="#">28</a>	8 645 913	5 708 079	7 990 855	5 360 950
Interest received - Investment	<a href="#">29</a>	15 760 041	20 450 867	15 566 238	20 393 216
<b>Total revenue from exchange transaction</b>		<b>280 069 668</b>	<b>279 924 304</b>	<b>279 220 807</b>	<b>279 519 524</b>
<b>Revenue from non - exchange transaction</b>					
<b>Transfer revenue</b>					
Government grants & subsidies	<a href="#">31</a>	1 169 079 107	1 369 754 842	1 164 929 622	1 363 418 860
Own revenue - VAT on other grants	<a href="#">25</a>	16 168 543	31 590 621	16 168 543	31 590 621
Own revenue - VAT on MIG	<a href="#">25</a>	37 405 389	22 290 260	37 405 389	22 290 260
<b>Total revenue from non - exchange transaction</b>		<b>1 222 653 039</b>	<b>1 423 635 723</b>	<b>1 218 503 554</b>	<b>1 417 299 741</b>
<b>Total revenue</b>	<a href="#">25</a>	<b>1 502 722 707</b>	<b>1 703 560 027</b>	<b>1 497 724 361</b>	<b>1 696 819 265</b>
<b>Expenditure</b>					
Employee related costs	<a href="#">32</a>	(634 555 057)	(636 557 487)	(624 355 482)	(622 528 264)
Remuneration of councillors	<a href="#">33</a>	(15 177 109)	(15 089 676)	(14 428 346)	(14 130 150)
Depreciation and amortisation	<a href="#">34</a>	(124 260 805)	(100 023 848)	(124 105 497)	(99 839 950)
Finance costs	<a href="#">35</a>	(22 480 253)	(42 260 635)	(22 407 125)	(42 186 776)
Debt impairment	<a href="#">36</a>	(128 945 383)	(162 530 330)	(128 945 383)	(162 127 101)
Collection costs		(943 604)	(741 800)	(943 604)	(741 800)
Repairs and maintenance	<a href="#">55</a>	(20 716 448)	(41 675 647)	(20 715 203)	(41 662 012)
Bulk purchases	<a href="#">37</a>	(91 620 498)	(89 173 581)	(91 620 498)	(89 173 581)
Contracted services	<a href="#">38</a>	(37 800 122)	(34 043 088)	(37 101 242)	(33 176 138)
Grants and subsidies paid	<a href="#">30</a>	(6 010 257)	(16 792 709)	-	-
General expense	<a href="#">39</a>	(379 023 117)	(265 415 320)	(390 905 860)	(292 698 019)
<b>Total expenditure</b>		<b>(1 461 532 653)</b>	<b>(1 404 304 121)</b>	<b>(1 455 528 240)</b>	<b>(1 398 263 791)</b>
<b>Operating surplus</b>		<b>41 190 054</b>	<b>299 255 906</b>	<b>42 196 121</b>	<b>298 555 474</b>
Loss on disposal of assets	<a href="#">54</a>	(5 326 141)	(9 347 504)	(5 326 141)	(9 215 107)
Actuarial gains	<a href="#">10</a>	17 577 099	15 902 259	17 577 099	15 902 259
<b>Surplus before tax</b>		<b>53 441 012</b>	<b>305 810 661</b>	<b>54 447 079</b>	<b>305 242 626</b>
Taxation		-	-	-	-
<b>Surplus for the year</b>		<b>53 441 012</b>	<b>305 810 661</b>	<b>54 447 079</b>	<b>305 242 626</b>



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus	Total Net Assets
<b>Group</b>		
Opening balance as previously reported	4 088 621 105	4 088 621 105
Prior year adjustments ( Note 46 )	(43 677 012)	(43 677 012)
<b>Restated Balance at 01 July 2015</b>	<b>4 044 944 093</b>	<b>4 044 944 093</b>
Surplus for the year 30 June 2016	305 810 661	305 810 661
<b>Restated Balance at 01 July 2016</b>	<b>4 350 754 754</b>	<b>4 350 754 754</b>
Surplus for the year	53 441 012	53 441 012
<b>Balance at 30 June 2017</b>	<b>4 404 195 766</b>	<b>4 404 195 766</b>
<b>Municipality</b>		
Opening balance as previously reported	4 087 781 752	4 087 781 752
Prior year adjustments ( Note 46 )	(43 677 022)	(43 677 022)
<b>Balance at 01 July 2015 as restated</b>	<b>4 044 104 730</b>	<b>4 044 104 730</b>
Changes in net assets	-	-
Surplus for the 30 June 2016	305 242 626	305 242 626
Total changes	305 242 626	305 242 626
<b>Restated Balance at 01 July 2016</b>	<b>4 349 347 357</b>	<b>4 349 347 357</b>
Changes in net assets		
Surplus for the year	54 447 079	54 447 079
<b>Balance at 30 June 2017</b>	<b>4 403 794 436</b>	<b>4 403 794 436</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Cash Flow Statement as at 30 June 2017

Figures in Rand	Note(s)	Group		Municipality	
		2017	2016 Restated	2017	2016 Restated
<b>Cash flows from operating activities</b>					
<b>Receipts</b>					
Service charges		83 290 158	89 689 992	83 290 158	89 689 992
Grants		1 197 060 712	1 399 226 387	1 173 816 883	1 360 093 746
interest income		48 674 808	58 843 910	48 481 005	58 786 259
Other receipts		60 070 895	70 125 367	60 070 895	70 125 367
Tax receipts		291 620			
		<b>1 389 388 193</b>	<b>1 617 885 656</b>	<b>1 365 658 941</b>	<b>1 578 695 364</b>
<b>Payments</b>					
Employee costs		(630 381 646)	(646 862 934)	(619 451 263)	(631 873 773)
Suppliers		(447 947 039)	(485 919 395)	(438 614 062)	(462 365 307)
Finance costs		(6 788 857)	(35 103 615)	(6 715 729)	(35 100 169)
Taxation		-	361 811		
Grant Returns		(10 461 707)	-	-	-
		<b>(1 095 579 249)</b>	<b>(1 167 524 133)</b>	<b>(1 064 781 054)</b>	<b>(1 129 339 249)</b>
<b>Net cash flows from operating activities</b>	<b>41</b>	<b>293 808 943</b>	<b>450 361 523</b>	<b>300 877 886</b>	<b>449 356 115</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment	<b>4</b>	(240 555 270)	(494 484 059)	(240 542 248)	(494 342 662)
Proceeds from sale of property, plant and equipment	<b>4</b>	264 549	1 669 684	264 549	1 662 359
Purchase of other intangible assets	<b>5</b>	(15 159 034)	(20 041 400)	(15 159 034)	(20 041 400)
Movement in current portion of non-current receivables		1 689	127 147 101	1 689	127 147 101
Increase in non-current receivables		125 597 660	33 404 132	125 597 660	33 404 132
<b>Net cash flows from investing activities</b>		<b>(129 850 407)</b>	<b>(352 304 542)</b>	<b>(129 837 384)</b>	<b>(352 170 470)</b>
<b>Cash flow from financing activities</b>					
Movement in interest bearing borrowings DBSA		(132 684 268)	(174 073 638)	(132 684 268)	(174 073 638)
Proceeds from consumer deposits		231 710	300 207	231 710	300 207
Finance lease payments		(2 395 326)	2 906 676	(2 395 326)	2 906 676
<b>Net cash flows from financing activities</b>		<b>(134 847 885)</b>	<b>(170 866 754)</b>	<b>(134 847 883)</b>	<b>(170 866 754)</b>
<b>Net increase/(Decrease) in cash and cash equivalents</b>		<b>29 110 653</b>	<b>(72 809 776)</b>	<b>36 192 618</b>	<b>(73 681 109)</b>
Cash and cash equivalent at the beginning of the year		147 675 208	220 484 984	131 364 632	205 045 741
<b>Cash and cash equivalent at the end of the year</b>	<b>15</b>	<b>176 785 861</b>	<b>147 675 208</b>	<b>167 557 250</b>	<b>131 364 632</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Group</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transaction</b>						
Service charges	178 068 360	11 427 483	<b>189 495 843</b>	222 413 354	32 917 511	1
Rental of facilities and equipment	2 056 542	(910 207)	<b>1 146 335</b>	335 593	(810 742)	2
Interest earned outstanding receivables	2 847 260	-	<b>2 847 260</b>	32 914 767	30 067 507	3
Other income	441 068 178	12 658 242	<b>453 726 420</b>	8 645 913	(445 080 507)	4
Interest received - Investment	7 401 291	2 073 206	<b>9 474 497</b>	15 760 041	6 285 544	5
<b>Total revenue from exchange transaction</b>	<b>631 441 631</b>	<b>25 248 724</b>	<b>656 690 355</b>	<b>280 069 668</b>	<b>(376 620 687)</b>	
<b>Revenue from non - exchange transaction</b>						
<b>Transfer revenue</b>						
Fines	-	-	-	-	-	
Government grants & subsidies	1 223 365 442	915 425	<b>1 224 280 867</b>	1 169 079 107	(55 201 760)	6
Own revenue - VAT on MIG	14 036 154	12 054 821	26 090 975	37 405 389	11 314 414	7
Own revenue - VAT on other grants	5 916 351	-	5 916 351	16 168 543	10 252 192	8
<b>Total revenue from non - exchange transaction</b>	<b>1 243 317 947</b>	<b>12 970 246</b>	<b>1 256 288 193</b>	<b>1 222 653 039</b>	<b>(33 635 154)</b>	<b>21</b>
<b>Total revenue</b>	<b>1 874 759 578</b>	<b>38 218 970</b>	<b>1 912 978 548</b>	<b>1 502 722 707</b>	<b>(410 255 841)</b>	
<b>Expenditure</b>						
Personnel	(660 023 683)	10 628 143	<b>(649 395 540)</b>	(634 555 057)	14 840 483	9
Remuneration of councillors	(15 678 841)	6 455 566	<b>(9 223 275)</b>	(15 177 109)	(5 953 834)	10
Depreciation and amortisation	(212 410 280)	99 243 648	<b>(113 166 632)</b>	(124 260 805)	(11 094 173)	11
Finance costs	(32 485 891)	15 001 043	<b>(17 484 848)</b>	(22 480 253)	(4 995 405)	12
Bad debts written off	(137 000 000)	-	<b>(137 000 000)</b>	(128 945 383)	8 054 617	13
Collection costs	(788 185)	-	<b>(788 185)</b>	(943 604)	(155 419)	14
Repairs and maintenance	(24 050 461)	-	<b>(24 050 461)</b>	(20 716 448)	3 334 013	15
Bulk purchases	(70 936 644)	43 937 792	<b>(26 998 852)</b>	(91 620 498)	(64 621 646)	16
Contracted services	(28 238 415)	(10 538 705)	<b>(38 777 120)</b>	(37 800 122)	976 998	17
Grant and subsidies paid	-	-	-	(6 010 257)	(6 010 257)	
General expenses	(303 338 630)	(92 822 457)	<b>(396 161 087)</b>	(379 023 117)	17 137 970	18
<b>Total expenditure</b>	<b>(1 484 951 030)</b>	<b>71 905 030</b>	<b>(1 413 046 000)</b>	<b>(1 461 532 653)</b>	<b>(48 486 652)</b>	
<b>Operating surplus</b>	<b>389 808 548</b>	<b>110 124 000</b>	<b>499 932 548</b>	<b>41 190 054</b>	<b>(458 742 494)</b>	
Actuarial gain / loss	-	-	-	17 577 099	(17 577 099)	21
(Loss) gain on disposal of assets	-	-	-	(5 326 141)	5 326 141	22
	-	-	-	<b>12 250 958</b>	<b>(12 250 958)</b>	
<b>Surplus before taxation</b>	<b>389 808 548</b>	<b>110 124 000</b>	<b>499 932 548</b>	<b>53 441 012</b>	<b>(470 993 452)</b>	
<b>Actual Amount on Comparable basis</b>	<b>389 808 548</b>	<b>110 124 000</b>	<b>499 932 548</b>	<b>53 441 012</b>	<b>446 491 535</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on accrual basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transaction</b>						
Service charges	178 068 360	11 427 483	<b>189 495 843</b>	222 413 354	<b>32 917 511</b>	1
Rental of facilities and equipment	2 056 542	(910 207)	<b>1 146 335</b>	335 593	<b>(810 742)</b>	2
Interest earned outstanding receivables	2 847 260	-	<b>2 847 260</b>	32 914 767	<b>30 067 507</b>	3
Other income	438 568 178	4 381 242	<b>442 949 420</b>	7 990 855	<b>(434 958 565)</b>	4
Interest received - Investment	7 401 291	1 923 206	<b>9 324 497</b>	15 566 238	<b>6 241 741</b>	5
<b>Total revenue from exchange transaction</b>	<b>628 941 631</b>	<b>16 821 724</b>	<b>645 763 355</b>	<b>279 220 807</b>	<b>(366 542 548)</b>	
<b>Revenue from non - exchange transaction</b>						
Fines	-	-	-	-	-	
<b>Transfer revenue</b>						
Government grants & subsidies	1 223 365 442	915 425	<b>1 224 280 867</b>	1 164 929 622	<b>(59 351 245)</b>	6
Own revenue - VAT on MIG	14 036 154	12 054 821	<b>26 090 975</b>	37 405 389	<b>11 314 414</b>	7
Own revenue - VAT on other grants	5 916 351	-	<b>5 916 351</b>	16 168 543	<b>10 252 192</b>	8
<b>Total revenue from non - exchange transaction</b>	<b>1 243 317 947</b>	<b>12 970 246</b>	<b>1 256 288 193</b>	<b>1 218 503 554</b>	<b>(37 784 639)</b>	
<b>Total revenue</b>	<b>1 872 259 578</b>	<b>29 791 970</b>	<b>1 902 051 548</b>	<b>1 497 724 361</b>	<b>(404 327 187)</b>	
<b>Expenditure</b>						
Employee related costs	(646 855 683)	7 963 143	<b>(638 892 540)</b>	(624 355 482)	<b>14 537 058</b>	9
Remuneration of councillors	(15 025 841)	6 542 566	<b>(8 483 275)</b>	(14 428 346)	<b>(5 945 071)</b>	10
Depreciation and amortisation	(212 025 280)	99 027 648	<b>(112 997 632)</b>	(124 105 497)	<b>(11 107 865)</b>	11
Finance costs	(32 485 891)	15 001 043	<b>(17 484 848)</b>	(22 407 125)	<b>(4 922 277)</b>	12
Bad debts written off	(137 000 000)	-	<b>(137 000 000)</b>	(128 945 383)	<b>8 054 617</b>	13
Collection costs	(788 185)	-	<b>(788 185)</b>	(943 604)	<b>(155 419)</b>	14
Repairs and maintenance	(24 050 461)	-	<b>(24 050 461)</b>	(20 715 203)	<b>3 335 258</b>	15
Bulk purchases	(70 936 644)	43 937 792	<b>(26 998 852)</b>	(91 620 498)	<b>(64 621 646)</b>	16
Contracted services	(28 238 415)	(10 538 705)	<b>(38 777 120)</b>	(37 101 242)	<b>1 675 878</b>	17
General expenses	(194 920 630)	(201 725 457)	<b>(396 646 087)</b>	(390 905 860)	<b>5 740 227</b>	18
<b>Total expenditure</b>	<b>(1 362 327 030)</b>	<b>(39 791 970)</b>	<b>(1 402 119 000)</b>	<b>(1 455 528 240)</b>	<b>(53 409 239)</b>	
<b>Operating surplus</b>	<b>509 932 548</b>	<b>(10 000 000)</b>	<b>499 932 548</b>	<b>42 196 121</b>	<b>(457 736 427)</b>	
Actuarial gain / loss	-	-	-	17 577 099	<b>17 577 099</b>	
(Loss) gain on disposal of assets	-	-	-	(5 326 141)	<b>(5 326 141)</b>	19
<b>Surplus for the year</b>	-	-	-	<b>12 250 958</b>	<b>12 250 958</b>	
<b>Actual Amount on Comparable basis</b>	<b>509 932 548</b>	<b>(10 000 000)</b>	<b>499 932 548</b>	<b>54 447 079</b>	<b>(445 485 468)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Group</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	7 493 418	-	7 493 418	8 424 226	930 808	1
Current tax receivable	-	-	-	-	-	
Receivables from exchange transactions	117 515 839	-	117 515 839	68 856 996	(48 658 843)	2
Receivables from non- exchange transactions	98 336 489	-	98 336 489	11 238 185	(87 098 305)	3
VAT receivable	-	-	-	45 337 734	45 337 734	4
Current portion of receivables transferred from non current receivables	57 240 000	-	57 240 000	-	(57 240 000)	5
Cash and cash equivalents	223 035 273	-	223 035 273	176 785 861	(46 249 412)	6
	<b>503 621 019</b>	-	<b>503 621 019</b>	<b>310 643 001</b>	<b>(192 978 018)</b>	
<b>Non - Current Assets</b>						
Investment property	98 532 816	-	98 532 816	152 121 774	53 588 958	8
Property, plant and equipment	5 118 869 686	-	5 118 869 686	4 626 588 672	(492 281 015)	9
Intangible assets	27 351 033	-	27 351 033	23 389 536	(3 961 496)	10
Heritage assets	424 000	-	424 000	400 000	(24 000)	
Investments in controlled entities	1 060	-	1 060	-	(1 060)	
Non - current receivables	136 762 141	-	136 762 141	1 710 906	(135 051 235)	
	<b>5 381 940 737</b>	-	<b>5 381 940 737</b>	<b>4 804 210 888</b>	<b>(577 729 849)</b>	
<b>Total Assets</b>	<b>5 885 561 756</b>	-	<b>5 885 561 756</b>	<b>5 114 853 888</b>	<b>(770 707 867)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Current portion: Interest bearing borrowing - DBSA	57 423 607	-	57 423 607	-	(57 423 607)	12
Financial lease obligation	-	-	-	148 421	148 421	
Payables from exchange transactions	373 545 508	-	373 545 508	373 294 339	(251 169)	14
Taxes and transfers payable (non - exchange)	8 766 758	-	8 766 758	3 146 449	(5 620 308)	15
Consumer deposits	2 811 240	-	2 811 240	2 989 539	178 299	
Unspent conditional grants and receipts	86 662 885	-	86 662 885	58 723 117	(27 939 768)	16
Provisions	6 524 298	-	6 524 298	6 757 481	233 183	18
VAT Payable	-	-	-	45 235	45 235	
	<b>535 734 296</b>	-	<b>535 734 296</b>	<b>445 104 581</b>	<b>(90 629 714)</b>	
<b>Non- current Liabilities</b>						
Financial lease obligation	332 677	-	332 677	659 962	327 285	
Operating lease liability	-	-	-	1 349 195	1 349 195	
Employee benefit obligation	261 964 352	-	261 964 352	263 544 392	1 580 040	20
	<b>262 297 029</b>	-	<b>262 297 029</b>	<b>265 553 549</b>	<b>3 256 520</b>	
<b>Total Liabilities</b>	<b>798 031 325</b>	-	<b>798 031 325</b>	<b>710 658 130</b>	<b>(87 373 195)</b>	
<b>Net Assets</b>	<b>5 087 530 431</b>	-	<b>5 087 530 431</b>	<b>4 404 195 758</b>	<b>(683 334 672)</b>	-
<b>Net assets attributable to owners of controlling entity</b>						
<b>Reserves</b>						
Revaluation reserves	30 146 045	-	30 146 045	-	(30 146 045)	
Accumulated surplus	4 313 161 140	-	4 313 161 140	4 404 195 758	91 034 618	
<b>Total Net Assets</b>	<b>4 343 307 185</b>	-	<b>4 343 307 185</b>	<b>4 404 195 758</b>	<b>60 888 573</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	7 493 418	-	7 493 418	8 424 226	930 808	1
Receivables from exchange transactions	117 515 839	-	117 515 839	68 856 996	(48 658 843)	2
Receivables from non- exchange transactions	98 336 489	-	98 336 489	11 103 477	(87 233 013)	3
VAT receivable	-	-	-	45 337 734	45 337 734	4
Current portion of receivables transferred from non current assets	57 240 000	-	57 240 000	-	(57 240 000)	5
Cash and cash equivalents	223 035 273	-	223 035 273	167 557 250	(55 478 023)	6
	<b>503 621 019</b>	-	<b>503 621 019</b>	<b>301 279 682</b>	<b>(202 341 337)</b>	
<b>Non - Current Assets</b>						
Investment property	98 532 816	-	98 532 816	152 121 774	53 588 958	8
Property, plant and equipment	5 118 869 686	-	5 118 869 686	4 626 364 966	(492 504 721)	9
Intangible assets	27 351 033	-	27 351 033	23 387 414	(3 963 618)	10
Heritage assets	424 000	-	424 000	400 000	(24 000)	
Investments in controlled entities	1 060	-	1 060	1 000	(60)	
Non - current receivables	136 762 141	-	136 762 141	1 710 906	(135 051 235)	
	<b>5 381 940 737</b>	-	<b>5 381 940 737</b>	<b>4 803 986 060</b>	<b>(577 954 677)</b>	
<b>Total Assets</b>	<b>5 885 561 756</b>	-	<b>5 885 561 756</b>	<b>5 105 265 741</b>	<b>(780 296 014)</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Current portion: Interest bearing borrowing - DBSA	57 423 607	-	57 423 607	-	(57 423 607)	12
Financial lease obligation	-	-	-	148 421	148 421	
Payables from exchange transactions	373 545 508	-	373 545 508	372 121 853	(1 423 655)	14
Taxes and transfers payable (non - exchange)	8 766 758	-	8 766 758	3 146 449	(5 620 308)	15
Consumer deposits	2 811 240	-	2 811 240	2 989 539	178 299	
Unspent conditional grants and receipts	86 662 885	-	86 662 885	50 801 687	(35 861 198)	16
Provisions	6 524 298	-	6 524 298	6 757 481	233 183	18
	<b>535 734 296</b>	-	<b>535 734 296</b>	<b>435 965 430</b>	<b>(99 768 865)</b>	
<b>Non- current Liabilities</b>						
Financial lease obligation	332 677	-	332 677	659 962	327 285	
Operating lease liability	-	-	-	1 301 522	1 301 522	
Employee benefit obligation	261 964 352	-	261 964 352	263 544 392	1 580 040	20
	<b>262 297 029</b>	-	<b>262 297 029</b>	<b>265 505 876</b>	<b>3 208 847</b>	
<b>Total Liabilities</b>	<b>798 031 325</b>	-	<b>798 031 325</b>	<b>701 471 306</b>	<b>(96 560 019)</b>	
<b>Net Assets</b>	<b>5 087 530 431</b>	-	<b>5 087 530 431</b>	<b>4 403 794 435</b>	<b>(683 735 995)</b>	-
<b>Net assets attributable to owners of controlling entity</b>						
<b>Reserves</b>						
Revaluation reserves	37 816 517	-	37 816 517	-	(37 816 517)	
Accumulated surplus	4 927 294 889	-	4 927 294 889	4 403 794 435	(523 500 454)	
<b>Total Net Assets</b>	<b>4 927 294 889</b>	-	<b>4 927 294 889</b>	<b>4 403 794 435</b>	<b>(523 500 454)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Group</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Service charges	178 068 360	11 427 483	<b>189 495 843</b>	83 290 158	<b>(106 205 685)</b>	
Grants	1 345 989 442	(110 780 575)	<b>1 235 208 867</b>	1 197 060 712	<b>(38 148 155)</b>	
Interest income	10 248 551	1 923 206	<b>12 171 757</b>	48 674 808	<b>36 503 051</b>	
Other receipts	111 551 945	15 525 856	<b>127 077 801</b>	60 070 895	<b>(67 006 906)</b>	
Tax receipts				291 620		
	<b>1 645 858 298</b>	<b>(81 904 030)</b>	<b>1 563 954 268</b>	<b>1 389 388 193</b>	<b>(174 857 695)</b>	
<b>Payments</b>						
Employee costs	(646 855 683)	9 152 621	<b>(637 703 062)</b>	(630 381 646)	<b>7 321 416</b>	
Suppliers	(336 075 176)	140 000	<b>(335 935 176)</b>	(447 947 039)	<b>(112 011 863)</b>	
Finance costs	(32 485 891)	1 254 179	<b>(31 231 712)</b>	(6 788 857)	<b>24 442 855</b>	
Taxation	-	-	-	-	-	
Grant Returns	-	-	-	(10 461 707)	(10 461 707)	
	<b>(1 015 416 750)</b>	<b>10 546 800</b>	<b>(1 004 869 950)</b>	<b>(1 095 579 249)</b>	<b>(90 709 299)</b>	
<b>Net cash flows from operating activities</b>	<b>630 441 548</b>	<b>(71 357 230)</b>	<b>559 084 318</b>	<b>293 808 943</b>	<b>(265 566 995)</b>	<b>1</b>
<b>Cash flow from investing activities</b>						
Purchase of property, plant and equipment	(630 056 548)	112 087 425	<b>(517 969 123)</b>	(240 555 270)	<b>277 413 853</b>	
Proceeds from sale of property, plant and equipment	-	-	-	264 549	<b>264 549</b>	
Purchase of intangible assets	-	-	-	(15 159 034)	<b>(15 159 034)</b>	
Movement in current portion of non current receivables	-	-	-	1 689	<b>1 689</b>	
Increase in current receivables	-	-	-	125 597 660	<b>125 597 660</b>	
<b>Net cash flows from investing activities</b>	<b>(630 056 548)</b>	<b>112 087 425</b>	<b>(517 969 123)</b>	<b>(129 850 407)</b>	<b>388 118 717</b>	<b>2</b>
<b>Cash flow from financing activities</b>						
Movement in interest bearing borrowings DBSA	-	-	-	(132 684 268)	<b>(132 684 268)</b>	
Proceeds from consumer deposits	-	-	-	231 710	<b>231 710</b>	
Repayment of other financial liabilities	-	-	-	-2 395 326	<b>-2 395 326</b>	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(134 847 884)</b>	<b>(134 847 884)</b>	<b>3</b>
Net increase/(Decrease) in cash and cash equivalents	385 000	41 114 195	<b>41 499 195</b>	29 110 652	<b>(12 388 543)</b>	
Cash and cash equivalent at the beginning of the year	220 484 741	-	<b>220 484 741</b>	147 675 208	<b>(72 809 533)</b>	
<b>Cash and cash equivalent at the end of the year</b>	<b>220 869 741</b>	<b>41 114 195</b>	<b>261 983 936</b>	<b>176 785 861</b>	<b>(85 198 076)</b>	

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
<b>Municipality</b>						
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<b>Receipts</b>						
Service charges	178 068 360	11 427 483	<b>189 495 843</b>	83 290 158	<b>(106 205 685)</b>	
Grants	1 223 365 442	915 425	<b>1 224 280 867</b>	1 173 816 883	<b>(50 463 984)</b>	
Interest income	10 248 551	1 923 206	<b>12 171 757</b>	48 481 005	<b>36 309 248</b>	
Other receipts	111 551 945	15 525 856	<b>127 077 801</b>	60 070 895	<b>(67 006 906)</b>	
	<b>1 523 234 298</b>	<b>29 791 970</b>	<b>1 553 026 268</b>	<b>1 365 658 941</b>	<b>(187 367 327)</b>	
<b>Payments</b>						
Employee costs	(646 855 683)	9 152 621	<b>(637 703 062)</b>	(619 451 263)	<b>18 251 799</b>	
Suppliers	(333 960 176)	-	<b>(333 960 176)</b>	(438 614 062)	<b>(104 653 886)</b>	
Finance costs	(32 485 891)	1 254 179	<b>(31 231 712)</b>	(6 715 729)	<b>24 515 983</b>	
Taxation	-	-	<b>-</b>	-	<b>-</b>	
	<b>(1 013 301 750)</b>	<b>10 406 800</b>	<b>(1 002 894 950)</b>	<b>(1 064 781 054)</b>	<b>(61 886 104)</b>	
<b>Net cash flows from operating activities</b>	<b>509 932 548</b>	<b>40 198 770</b>	<b>550 131 318</b>	<b>300 877 886</b>	<b>(249 253 432)</b>	<b>1</b>
<b>Cash flow from investing activities</b>						
Purchase of property, plant and equipment	(509 932 548)	915 425	<b>(509 017 123)</b>	(240 542 248)	<b>268 474 875</b>	
Proceeds from sale of property, plant and equipment	-	-	<b>-</b>	264 549	<b>264 549</b>	
Purchase of intangible assets	-	-	<b>-</b>	(15 159 034)	<b>(15 159 034)</b>	
Movement in current portion of non current receivables	-	-	<b>-</b>	125 597 660	<b>125 597 660</b>	
Increase in current receivables	-	-	<b>-</b>	1 689	<b>1 689</b>	
	<b>(509 932 548)</b>	<b>915 425</b>	<b>(509 017 123)</b>	<b>(129 837 384)</b>	<b>379 179 739</b>	<b>2</b>
<b>Cash flow from financing activities</b>						
Movement in interest bearing borrowings DBSA	-	-	<b>-</b>	(132 684 268)	<b>(132 684 268)</b>	
Proceeds from consumer deposits	-	-	<b>-</b>	231 710	<b>231 710</b>	
Repayment of other financial liabilities	-	-	<b>-</b>	(2 395 326)	<b>(2 395 326)</b>	
<b>Net cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(134 847 884)</b>	<b>(134 847 884)</b>	<b>3</b>
Net increase/(Decrease) in cash and cash equivalents		41 114 195	<b>41 114 195</b>	36 192 618	<b>(4 921 577)</b>	
Cash and cash equivalent at the beginning of the year	205 045 741	-	<b>205 045 741</b>	131 364 632	<b>(73 681 109)</b>	
<b>Cash and cash equivalent at the end of the year</b>	<b>205 045 741</b>	<b>41 114 195</b>	<b>246 159 936</b>	<b>167 557 250</b>	<b>(78 602 686)</b>	



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised Variance expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Group - 2017</b>											
<b>Financial Performance</b>											
Service charges	178 068 360	11 427 483	189 495 843	-	-	189 495 843	222 413 354	-	32 917 511	117%	125%
Investment revenue	7 401 291	2 073 206	9 474 497	-	-	9 474 497	20 450 867	-	10 976 370	216%	276%
Transfers recognised - operational	743 732 895	-	743 732 895	-	-	743 732 895	739 954 872	-	(3 778 023)	99%	99%
Other own revenue	465 924 485	23 802 856	489 727 341	-	-	489 727 341	97 982 003	-	(391 745 338)	20%	21%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 395 127 031</b>	<b>37 303 545</b>	<b>1 432 430 576</b>	<b>-</b>	<b>-</b>	<b>1 432 430 576</b>	<b>1 080 801 096</b>	<b>-</b>	<b>(351 629 480)</b>	<b>75%</b>	<b>77%</b>
Employee costs	(660 676 683)	11 730 621	(648 946 062)	-	(1 189 478)	(648 946 062)	(634 555 057)	-	14 391 005	98%	96%
Remuneration of councillors	(15 025 841)	-	(15 025 841)	-	6 542 566	(15 025 841)	(15 177 109)	-	(151 268)	101%	101%
Debt impairment	(137 000 000)	-	(137 000 000)	-	-	(137 000 000)	(128 945 383)	-	8 054 617	94%	94%
Depreciation and asset impairment	(212 410 280)	216 000	(212 194 280)	-	99 027 648	(212 194 280)	(124 260 805)	-	87 933 475	59%	59%
Finance charges	(32 485 891)	1 254 179	(31 231 712)	-	13 746 864	(31 231 712)	(22 480 253)	-	8 751 459	72%	69%
Material and bulk purchases	(70 936 644)	(4 000 000)	(74 936 644)	-	47 937 792	(74 936 644)	(91 620 498)	-	(16 683 854)	122%	129%
Transfers and grants	-	-	-	-	-	-	(6 010 257)	-	(6 010 257)	0%	0%
Other expenditure	(356 415 691)	62 704 230	(293 711 461)	-	(166 065 392)	(293 711 461)	(444 493 547)	-	(150 782 086)	151%	125%
<b>Total expenditure</b>	<b>(1 484 951 030)</b>	<b>71 905 030</b>	<b>(1 413 046 000)</b>	<b>-</b>	<b>-</b>	<b>(1 413 046 000)</b>	<b>(1 467 542 910)</b>	<b>-</b>	<b>(54 496 909)</b>	<b>104%</b>	<b>99%</b>
<b>Surplus/ (Deficit)</b>	<b>(89 823 999)</b>	<b>109 208 575</b>	<b>19 384 576</b>	<b>-</b>	<b>-</b>	<b>19 384 576</b>	<b>(386 741 814)</b>	<b>-</b>	<b>(406 126 389)</b>	<b>-1995%</b>	<b>431%</b>
Transfers recognised - capital	599 756 547	915 425	600 671 972	-	480 547 972	600 671 972	629 799 970	-	29 127 998	105%	105%
<b>Surplus / Deficit after capital transfers and contributions</b>	<b>509 932 548</b>	<b>110 124 000</b>	<b>620 056 548</b>	<b>-</b>	<b>480 547 972</b>	<b>620 056 548</b>	<b>243 058 156</b>	<b>-</b>	<b>(25 368 911)</b>	<b>39%</b>	<b>48%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	509 932 548	915 425	510 847 973	-	-	510 847 973	569 682 867	-	58 834 894	112%	112%
<b>Source of capital funds</b>											
Transfers recognised - capital	479 632 547	-	479 632 547	-	-	479 632 547	422 145 742	-	(57 486 805)	88%	88%
Internally generated funds	30 300 001	915 425	31 215 426	-	-	31 215 426	26 446 288	-	(4 769 138)	85%	87%
<b>Total sources of capital funds</b>	<b>509 932 548</b>	<b>915 425</b>	<b>510 847 973</b>	<b>-</b>	<b>-</b>	<b>510 847 973</b>	<b>448 592 030</b>	<b>-</b>	<b>(62 255 943)</b>	<b>88%</b>	<b>88%</b>

**Amathole District Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2017

**Appropriation Statement**

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of (i.t.o. s28 and s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Figures in Rand											
<b>Municipality - 2017</b>											
<b>Financial Performance</b>											
Service charges	178 068 360	11 427 483	189 495 843	-	-	189 495 843	222 413 354	-	32 917 511	117%	125%
Investment revenue	7 401 291	1 923 206	9 324 497	-	-	9 324 497	15 566 238	-	6 241 741	167%	210%
Transfers recognised - operational	743 732 895	-	743 732 895	-	-	743 732 895	741 023 364	-	(2 709 531)	100%	100%
Other own revenue	463 424 485	15 525 856	478 950 341	-	-	478 950 341	94 815 147	-	(384 135 194)	20%	20%
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>1 392 627 031</b>	<b>28 876 545</b>	<b>1 421 503 576</b>	<b>-</b>	<b>-</b>	<b>1 421 503 576</b>	<b>1 073 818 102</b>	<b>-</b>	<b>(347 685 474)</b>	<b>76%</b>	<b>77%</b>
Employee costs	(646 855 683)	9 152 621	(637 703 062)	-	(1 189 478)	(638 892 540)	(624 355 482)	-	14 537 058	98%	97%
Remuneration of councillors	(15 025 841)	-	(15 025 841)	-	6 542 566	(8 483 275)	(14 428 346)	-	(5 945 071)	170%	96%
Debt impairment	(137 000 000)	-	(137 000 000)	-	-	(137 000 000)	(128 945 383)	-	8 054 617	94%	94%
Depreciation and asset impairment	(212 025 280)	-	(212 025 280)	-	99 027 648	(112 997 632)	(124 105 497)	-	(11 107 865)	110%	59%
Finance charges	(32 485 891)	1 254 179	(31 231 712)	-	13 746 864	(17 484 848)	(22 407 125)	-	(4 922 277)	128%	69%
Material and bulk purchases	(70 936 644)	(4 000 000)	(74 936 644)	-	47 937 792	(26 998 852)	(91 620 498)	-	(64 621 646)	339%	129%
Other expenditure	(247 997 691)	(46 198 770)	(294 196 461)	-	(166 065 392)	(460 261 853)	(449 665 908)	-	10 595 945	98%	181%
<b>Total expenditure</b>	<b>(1 362 327 030)</b>	<b>(39 791 970)</b>	<b>(1 402 119 000)</b>	<b>-</b>	<b>-</b>	<b>(1 402 119 000)</b>	<b>(1 455 528 240)</b>	<b>-</b>	<b>(53 409 239)</b>	<b>104%</b>	<b>107%</b>
<b>Surplus/ (Deficit)</b>	<b>30 300 001</b>	<b>(10 915 425)</b>	<b>19 384 576</b>	<b>-</b>	<b>-</b>	<b>19 384 576</b>	<b>(381 710 137)</b>	<b>-</b>	<b>(401 094 713)</b>	<b>-1969%</b>	<b>-1260%</b>
Transfers recognised - capital	479 632 547	915 425	480 547 972	-	480 547 972	480 547 972	423 906 258	-	(56 641 714)	88%	88%
<b>Surplus / Deficit after capital transfers and contributions</b>	<b>509 932 548</b>	<b>(10 000 000)</b>	<b>499 932 548</b>	<b>-</b>	<b>480 547 972</b>	<b>499 932 548</b>	<b>42 196 121</b>	<b>-</b>	<b>(457 736 427)</b>	<b>8%</b>	<b>8%</b>
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	509 932 548	915 425	510 847 973	-	-	510 847 973	569 682 867	-	58 834 894	112%	112%
<b>Source of capital funds</b>											
Transfers recognised - capital	479 632 547	-	479 632 547	-	-	479 632 547	615 967 291	-	136 334 744	128%	128%
Internally generated funds	30 300 001	915 425	31 215 426	-	-	31 215 426	26 446 288	-	(4 769 138)	85%	87%
<b>Total sources of capital funds</b>	<b>509 932 548</b>	<b>915 425</b>	<b>510 847 973</b>	<b>-</b>	<b>-</b>	<b>510 847 973</b>	<b>642 413 579</b>	<b>-</b>	<b>131 565 606</b>	<b>126%</b>	<b>126%</b>

**Amathole District Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2017

**Appropriation Statement**

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget (i.t.o. s28 and s31 of the MFMA)	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Group</b>											
<b>Cash flows</b>											
Net cash from operating (used)	509 932 548	40 198 770	550 131 318	-		550 131 318	293 808 943		(256 322 375)	53%	58%
Net cash from investing (used)	(509 932 548)	915 425	(509 017 123)	-		(509 017 123)	(129 850 407)		379 166 716	26%	25%
Net cash from financing (used)	-	-	-	-		-	(134 847 885)		(134 847 885)	0%	0%
<b>Net increase /(decrease) in cash and cash equivalents</b>	-	<b>41 114 195</b>	<b>41 114 195</b>	-		<b>41 114 195</b>	<b>29 110 651</b>		<b>(12 003 544)</b>	<b>71%</b>	<b>0%</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	147 675 208		147 675 208	0%	0%
<b>Cash and cash equivalents at the end of the year</b>	-	<b>41 114 195</b>	<b>41 114 195</b>	-		<b>41 114 195</b>	<b>176 785 859</b>		<b>135 671 664</b>	<b>430%</b>	<b>0%</b>

**Amathole District Municipality**

Consolidated Annual Financial Statements for the year ended 30 June 2017

**Appropriation Statement**

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Figures in Rand</b>											
<b>Municipality</b>											
<b>Cash flows</b>											
Net cash from operating (used)	509 932 548	40 198 770	550 131 318	-		550 131 318	300 877 886		(249 253 432)	55%	59%
Net cash from investing (used)	(509 932 548)	915 425	(509 017 123)	-		(509 017 123)	(129 837 384)		379 179 739	26%	25%
Net cash from financing (used)	-	-	-	-			(134 847 883)		(134 847 883)	0%	0%
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>41 114 195</b>	<b>41 114 195</b>	<b>-</b>		<b>41 114 195</b>	<b>36 192 619</b>		<b>(4 921 576)</b>	<b>88%</b>	<b>0%</b>
Cash and cash equivalents at the beginning of the year	-	-	-	-		-	131 364 632		131 364 632	0%	0%
<b>Cash and cash equivalents at the end of the year</b>	<b>-</b>	<b>41 114 195</b>	<b>41 114 195</b>	<b>-</b>		<b>41 114 195</b>	<b>167 557 251</b>		<b>126 443 056</b>	<b>408%</b>	<b>0%</b>

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1. Basis of presentation

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

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

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

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

These accounting policies are consistent with the previous period, unless specified otherwise.

#### 1.1 Presentation currency

These consolidated annual financial statements in South African Rand, which is the functional currency of the group. The amounts in the annual financial statements are rounded to the nearest rand

#### 1.2 Going concern assumption

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

#### 1.3 Consolidation

##### Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the group presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the municipality and all controlled entity which is controlled by the municipality.

Control exists when the municipality has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The annual financial statements of the municipality and its controlled entity used in the preparation of the consolidated annual financial statements are prepared as of the same reporting date.

Adjustments are made when necessary to the annual financial statements of the controlled entity to bring its accounting policies in line with those of the municipality.

All intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

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

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

##### 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.

##### Pension and other post - employment benefits

The cost of defined benefit pension plans, other employment medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

For key actuarial assumptions, refer to note 10 " Employee Benefit obligations "

##### 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 condition, expected condition at the end of the period of use, its current use, expected future use and the municipality's expectations about the availability of finance to replace the asset at end of its useful life. In evaluating how the condition and use of the asset informs the useful life and residual value management considers the

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### Infrastructure assets

The determination of the fair value of the water infrastructure assets is based upon assumptions and professional judgement applied by consulting engineers using best engineering practice and industry norms and standards.

The following assumptions have been made in the compilation of the low data confidence infrastructure asset register:

- The construction year is estimated using sources in the following order of precedence : available technical records, interviewing of operations staff, comparison with adjacent infrastructure. When the date of acquisition is not known and the construction year is estimated, the acquisition date is assumed to be the 1st day of January in the year of construction.
- The consumption of the benefits of infrastructure assets are predominately uniform over the life of the assets.
- The depreciation is therefore assumed to be straight line for all infrastructure assets.
- The residual value of all civil infrastructure assets is negligible as there is no open market for the materials used in civil infrastructure and the realizable value is very small. The scrap value of mechanical and electrical plant is also negligible.
- The remaining Useful Life was estimated using a combination of visual inspection and information on asset performance provided by operations staff. For hidden assets, such as pipes , the assessment is based on the age of the pipe and information on performance from the operations staff.

### 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 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.

### Inventory - Water Stock

The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the network reticulation capacity at year end. Any existing drought conditions are also taken into consideration where applicable. The water stock on hand has been estimated using engineering best practice and industry norms and standards.

### Impairments of non-financial assets

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of 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 availability of information.

### Provisions and contingent liabilities

Management's judgement is required when recognising and measuring provisions and when measuring contingent liabilities. 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. Provisions are discounted where the effect of discounting is material.

### Taxation

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid is in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset

Current tax is recognised as income or an expense and included in surplus or deficit for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside surplus or deficit, directly in equity, or a business combination.

### Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

### Operating lease commitments - Municipality as lessor

The municipality has entered into commercial property leases on its investment property portfolio. The municipality has determined that it retains all the significant risks and rewards of ownership of these properties and thus accounts for them as operating leases. Payments received under operating leases are recognised in the statement of financial performance on a straight-line basis over the period of the lease.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

### 1.5 Investment property

Investment property includes property (land or a building, or part of a building, or both land or buildings under a finance lease) held to earn rentals and /or for capital appreciation rather than held to meet service delivery objectives or sale in the ordinary course of business. Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) 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.

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

#### Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated. Investment properties are written down as a result of impairment, where considered necessary. Depreciation begins when the asset is available for use. Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Investment property includes land held with an indefinite use. This land is recognised at fair value on the date of recognition

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life Property
Property - land	indefinite
Property - building	30 years

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. The investment property's residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate at each financial year-end.

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.

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable. Property interests held under operating leases are classified and accounted for as investment property in the following circumstances. When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature and type of properties classified as held for strategic purposes, are as follows. The group separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 3). The group discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 3).

#### 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.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.6 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost).

If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

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

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

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

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

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

#### Subsequent measurement

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

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

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



# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

Item	Average useful life
Land	Indefinite Life
Buildings	30 years
Furniture and fixtures	7 to 10 years
Motor vehicles	
• Vehicle	5 years
• Specialised Vehicles	3 to 20 years
Office equipment	3 to 7 years
• IT equipment	
IT equipment	3 to 5 years
Infrastructure	
• Roads and paving's	10 to 30 years
• Sewerage Mains and Purification Works	4 to 55 years
• Water Supply and Reticulation	3 to 94 years
Community	
• Libraries	30 years
• Buildings	30 years
• Community Centres	30 years
• Recreational Facilities	30 years
Other property, plant and equipment	
• Specialised Plant and Equipment	5 to 15 years
• Emergency and Medical Equipment	5 to 15 years
Ancillary fleet equipment and security	
• Security Equipment	3 to 5 years
Bins and containers	5 to 10 years
• Other Items	2 to 5 years
Leased Assets	3 to 5 years

The residual value, the useful life and depreciation method of each asset are reviewed at least at end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The municipality maintains and acquires assets to provide a social service to the community, with no intention of disposing the assets for any economic gain, and thus no residual values are determined other than for motor vehicles.

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

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

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. Depreciation of an asset commences when the asset is ready for its use as intended by management. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or where appropriate, the term of the relevant lease, and are recognised in the statement of financial performance.

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 or disposal of the asset.

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

### Impairments

The group 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), its 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.

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.

# Amathole District Municipality

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## Accounting Policies

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### 1.7 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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

#### Subsequent Measurement

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments.

The cost of an intangible asset is amortised over the useful life where that useful life is finite. The amortisation expense on intangible assets with finite lives is recognised in the statement of financial performance under expenses consistent with the function of the intangible asset.

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

Item	Useful life
Computer software	3 years

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

Amortisation of the asset begins when the development is complete and the asset is available for use.

The amortisation period, the amortisation method and the residual value for intangible assets with finite useful lives are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance. The residual value of intangible assets is estimated to be nil. The group discloses relevant information relating to assets under construction, in the notes to the financial statements (see note 5)

#### Impairments

The group tests intangible assets with finite useful lives for impairment where there is an indication that an asset maybe 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. The group does not hold any intangibles with indefinite useful lives,

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.

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## Accounting Policies

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### 1.8 Heritage assets

Class of heritage assets means a grouping of heritage assets of a similar nature or function in an group's operations that is shown as a single item for the purpose of disclosure in the consolidated annual financial statements.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations. The group separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). The group discloses relevant information relating to assets under construction or development in the notes to the annual financial statements ( see note 6).

#### Recognition

The group 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 group, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

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.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

#### Impairment

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

#### Derecognition

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

The gain or loss arising from the derecognition of 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.

### 1.9 Investments in controlled entities

#### Group consolidated annual financial statements

Subsidiaries are all controlled entities over which the municipality has ownership control or effective control to govern the financial and operating policies of such control entities so as to benefit form its activities.

Controlled entities are fully consolidated from the date on which control is transferred to the Municipality, and are carried at cost. Investments in municipal entities under the ownership control of the Municipality are carried at cost. Separate consolidated financial statements are prepared to account for the Municipality's share of net assets and post acquisition results of these investments.

The municipality commences accounting for an investment in a subsidiary from the date that control exists and discontinues the application when it no longer has control over the subsidiary.

#### Municipality annual financial statements

In the municipality's separate annual financial statements, investments in controlled entities are carried at cost less any accumulated impairment.

### 1.10 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment. A concessionary loan is a loan granted to or received by municipality on terms that are not market related.

# Amathole District Municipality

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

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

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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

# Amathole District Municipality

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

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

### Classification

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

Class	Category
Non current receivables	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables	Financial asset measured at amortised cost
Other receivables	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost

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

Class	Category
Trade payables	Financial liability measured at amortised cost
Other payables	Financial liability measured at amortised cost
Interest bearing borrowings: DBSA	Financial liability measured at amortised cost

### Initial recognition

The group 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 group recognises financial assets using trade date accounting.

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

The group 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 of financial assets and financial liabilities

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

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

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

### Fair value measurement considerations

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

# Amathole District Municipality

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## Accounting Policies

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The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

### Reclassification

The group does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

### Offsetting

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

### Gains and losses

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

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

### Impairment of financial assets

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

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced 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 by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

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

### Receivables

#### Derecognition

##### Financial assets

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

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

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

# Amathole District Municipality

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## Accounting Policies

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### Financial liabilities

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

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

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another municipality 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).

### Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the municipality currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the municipality does not offset the transferred asset and the associated liability.

### Policies relating to specific financial instruments

#### Investment at amortised cost

Investments, which include [listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks] are categorised 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.

#### Investment at cost

Investment at cost, which represent investments in residual interest for which there is no quoted market price and for which fair value cannot be measured reliably, are subsequently measured at cost.

#### 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 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 using the effective interest rate method

#### Borrowings and other financial liabilities

Borrowings are recognised initially at fair value, net of transaction cost incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction cost) and the redemption value is recognised in the statement of financial performance over the period of the borrowings using the effective interest method. Long term borrowings are non-derivative financial loans and the municipality does not hold financial loans for trading purposes. Long term borrowings are utilised solely for funding capital projects.

# Amathole District Municipality

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## Accounting Policies

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### Loans and Receivables

Loans and Receivables are measured initially and subsequently at amortised cost any difference between the proceeds ( net of transaction cost) and redemption value is recognised in the statement of financial performance. Loans and Receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and with no intention of trading. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

### 1.11 VAT

The municipality accounts for value added tax on the payments basis.

### 1.12 Leases

#### Finance leases -group as a lessee

##### Recognition

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

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. The operating lease expense is recognised over the course of the lease arrangement.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date: namely whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

##### Measurement

Assets subject to a finance lease, as recognised in the statement of financial position, are measured (at initial recognition) at the lower of the fair value of the assets and the present value of the of the future minimum lease payments.

The finance lease liability recognised at initial recognition is measured at the present value of the future minimum lease payments. Subsequent to initial recognition this 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.

The lease expense recognised for operating leases is charged to the Statement of Financial Performance on a straight - line basis over the term of the relevant lease. To the extent that the straight-lined lease payments differ from the actual lease payments the difference is recognised in the Statement of Financial Position as either lease payments in advance (operating lease asset) or lease payments payable (operating lease liability) as the case may be. This resulting asset and / or liability is measured as the undiscounted difference between the straight -line lease payments and the contractual lease payments.

##### Derecognition

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

The operating lease liability is derecognised when the group's obligation to settle the liability is extinguished. The operating lease asset is derecognised when the municipality no longer anticipates economic benefits to flow from the asset.

##### Subsequent measurement

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



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## Accounting Policies

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### Operating leases - group as a lessor

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

#### Recognition

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. Lease payments received under an operating lease are recognised as income, in the Statement of Financial Performance, in the period that the income accrues.

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date; namely, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

#### Measurement

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined lease payments and the contractual lease payments are 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.

#### Derecognition

Operating lease liabilities are derecognised when the group's obligation to provide economic benefits or service potential under the lease agreement expires. Operating lease assets are derecognised when the group's right to the underlying cash flows expires or the municipality no longer expects economic benefits to flow from the operating lease asset.

### Operating leases - group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. The liability or asset is not discounted. Any contingent rents are expensed in the period they are incurred.

## 1.13 Inventories

### Initial recognition

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

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

### Subsequent measurement

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

The basis of determining cost is the first-in-first-out (FIFO) method.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

Housing development inventory is measured at cost on the first-in, first-out basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs. The carrying amount of these inventories held for distribution is recognised as an expense when beneficiaries take occupation of the houses. Housing development funding received is recognised as revenue and expenditure on the Statement of Financial Performance to the extent that the group has complied with any of the criteria, obligations or conditions of the grant.

The cost of water purchased and own water not yet sold in the Statement of financial position comprises the purchase price, import duties, and other taxes and transport, handling and other costs attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. The estimation of the water stock in the reservoirs and pipelines is based on an assumption of the water reticulation network capacity at year end.

### Derecognition

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

# Amathole District Municipality

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## Accounting Policies

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### 1.14 Impairment of cash-generating assets

The group classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash generating assets.

The group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable service amount of the asset in order to determine the extent of the impairment loss (if any).

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalue asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

### Identification

#### Basis for estimates of future cash flows

In measuring value in use the group:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

#### Composition of estimates of future cash flows Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the group expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

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### Discount rate

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

### Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

### Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the group 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 group use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

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

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

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

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## Accounting Policies

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

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

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

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

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

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

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

Non-cash-generating assets are assets other than cash-generating assets. Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:

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

### Identification

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

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

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

# Amathole District Municipality

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### Value in use

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

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

### Depreciated replacement cost approach

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

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

### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the group recognises a liability only to the extent that is a requirement in the Standards of GRAP.

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

### Reversal of an impairment loss

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

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

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

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

### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.16 Share capital / contributed capital

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

# Amathole District Municipality

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## Accounting Policies

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### 1.17 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

#### Short-term employee benefits

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

Short-term employee benefits include items such as:

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

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

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

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

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

#### Post-employment benefits

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

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

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

#### Multi-employer plans

The group classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the group accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the group accounts for the plan as if it was a defined contribution plan.

# Amathole District Municipality

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### Post-employment benefits: Defined contribution plans

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

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

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

### Post-employment benefits : Defined benefits plans

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

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

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

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

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

The group accounts not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the groups' informal practices. Informal practices give rise to a constructive obligation where the group has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the group's informal practices would cause unacceptable damage to its relationship with employees.

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

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

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

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

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

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

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

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

### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

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

### Other post retirement obligations

The group provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care 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. The group also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

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

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

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

### Medical Aid: Continued Members

The group provides post retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds, with which the group is associated, a member ( who is on the current conditions of service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the group for the remaining 70%. Assumption about the medical costs take into account estimated future changes in cost medical services, resulting from both inflation and specific changes in medical costs. Actuaries are used to determine the obligation on an annual basis. The actuarial gain or loss is recognised in surplus or deficit.

### Other Long Term Employee Benefits

The group provides long-term incentives to eligible employees, payable on completion of years of employment. The group's liability is based on an actuarial valuation. The Projected Unit Credit Method has been used to value the obligation. Actuarial gains and losses on long term incentives are accounted for in surplus or deficit. The group offers employees long service awards for every five years of services completed, from five years of service to 45 years of service, inclusive.



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### 1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision.

A provision is used only for expenditures 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 unless the possibilities of outflow resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

### 1.19 Revenue from exchange transactions

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

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

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

#### Measurement

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

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of Services

Service income is recognised on an invoice basis. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly 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. The adjustments are recognised as revenue in the invoicing period. Revenue arising from consumption of water and sanitation in the month of June is fully accounted for whether invoiced or not. Revenue arising from the application of the approved tariffs, fees and charges is generally recognised when the relevant service is rendered. Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from the council and are levied monthly. Revenue arising from fire services is based on set basic tariffs

#### Interest, rentals and agency services

Interest are recognised in the Statement of Financial Performance on a time proportionate basis, which takes into account the effective yield on the investment.

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

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## Accounting Policies

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### 1.20 Revenue from non-exchange transactions

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

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

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

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

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

#### Recognition

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

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

#### Measurement

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

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

#### Grants, transfers and donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria, conditions and obligations embodied in the agreement. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional and funds are invested until utilised. Grants without any conditions attached are recognised as revenue when the asset is recognised.

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. If it is the group's interest, it is recognised as interest earned in the Statement of Financial Performance.

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the group and the fair value of the assets can be measured reliably.

### 1.21 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

### 1.22 Investment income

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

### 1.23 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.24 Translation of foreign currencies

#### Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the rate of exchange ruling on the date of the transactions. Exchange differences arising on the settlement of creditors or on reporting of creditors at rates different from those at which they were initially recorded are expensed. Transaction in foreign currency are accounted for at the exchange ruling on the date of transaction.

### 1.25 Surplus/deficit

#### Gains and Losses

Gains and losses arising from fair value adjustments on investments and loans, and from the disposal of assets, are presented separately from other revenue in the Statement of Financial Performance, income, expenditure, gains and losses are recognised in surplus or deficit except for the exceptional cases where recognition directly in the net assets is especially allowed by a Standard of GRAP.

### 1.26 Comparative figures

#### Current year comparatives (budget)

Budget information in accordance with GRAP 1 and 24, has been provided as separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanations and comments to material differences are provided in the notes to the annual financial statements. In addition a note has been added to the annual financial statements, for the current financial year only. The annual budget figures included in the annual financial statements are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan (IDP). The approved budget covers the fiscal period from 01/07/2016 to 30/06/2017. The consolidated annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of Comparison of budget and actual amounts. Comparative information is not required.

#### Prior year comparatives

When the presentation or classification of items in the consolidated annual financial statements is amended, prior period comparative amounts are reclassified and restated. The nature and reason for the reclassification and restatement are disclosed in the Notes to the Consolidated Annual Financial Statements. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. The presentation and classification of items in the current year is consistent with prior periods.

### 1.27 Unauthorised expenditure

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

### 1.28 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.29 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003) the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act ( Act No. 20 of 1998) or is in contravention of group'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.

### 1.30 Use of estimates

The preparation of consolidated annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated annual financial statements are disclosed in the relevant sections of the consolidated annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.31 Investments

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

### 1.32 Conditional grants and receipts

Government grants and other grants are recognised as revenue when:

- (a) it is probable that the economic benefits or service potential associated with the transaction will flow to the group,
- (b) the amount of the revenue can be measured reliably, and
- (c) to the extent that there has been compliance with any restrictions associated with the grant. Income received from conditional grants, donations and subsidies are recognised to the extent that the group has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised and funds invested until it is utilised. Interest earned on the investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor.

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, conditions or obligations have been met.

### 1.33 Related parties

The group has processes and controls in place to aid in the identification of related parties. A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party or vice versa, or an entity that is subject to common control, or jointly control. Related party relationships where control exists are disclosed regardless of whether any transactions took place between the parties during the reporting period.

Where transactions occurred between the group any one or more related parties, and those transactions were not within:

- normal supplier and/ or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the group to have adopted if dealing with that individual group or persons in the same circumstances and:
  - terms and conditions within the normal operating parameters established by the reporting group's legal mandate;
- Further details about those transactions are disclosed in the notes to the financial statements.

The municipality has a related party relationship with its subsidiary Amathole Economic Development Agency (SOC) Limited t/a ASPIRE. Subsidiaries are entities controlled by the municipality. The existence and effect of potential voting rights that are currently exercisable are convertible without restriction are considered when assessing whether the group controls the other entity. Subsidiaries are consolidated from the date that effective control is transferred to the group and are no longer consolidated from the date the effective control ceases. Related party transactions are conducted on arms length basis with terms comparable to transactions with third parties.

Management is regarded as a related party and comprises the councillors, Executive Mayor, Mayoral Committee Members,

### 1.34 Commitments

A commitment is the group's intention to commit to an outflow of its resources embodying economic benefits. The group is committed under obligations for goods and services, which have been contracted for on or before the reporting date, but not yet received or completed at year end. Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. Approved and contracted commitments represent expenditure that has been approved and the contract has been awarded at the reporting date.

### 1.35 Tax

#### Current tax assets and liabilities

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

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

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or deficit for the period, except to the extent that the tax arises from:

- ☐ a transaction or event which is recognised, in the same or a different period, to net assets; or
- ☐ a business combination.

Current tax and deferred taxes are charged or credited to net assets if the tax relates to items that are credited or charged, in the same or a different period, to net assets.

# Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

## Accounting Policies

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### 1.36 Post balance sheet 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 can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date). The group will adjust the amounts recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

#### 2. New standards and interpretations

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

The group has not applied the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 July 2016 or later periods

Standard / Interpretation :	Effective date : Years beginning	Expected impact :
GRAP 18 : Segment Reporting	01 April 2016	No effective date has been determined by the Minister of Finance. The Standard requires the identification and aggregation of the municipality into reportable segments. For each of the reportable segments. For each of the reportable segments identified details of the financial performance will be disclosed. The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.
GRAP 20 : Related parties	01 April 2016	The municipality has based its accounting policy on this standard, hence it is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 32: Service Concession Arrangements: Grantor	01 April 2016	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
GRAP 108: Statutory Receivables	01 April 2016	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.
IGRAP 17 : Service Concession Arrangement where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2016	No effective date has been determined by the Minister of Finance. It is unlikely that the standard will have a material impact on the annual financial statements.

#### 3. Investment property

Group	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155 210 848	(3 089 074)	152 121 774	155 210 848	(2 731 461)	152 479 387

Municipality	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	155 210 848	(3 089 074)	152 121 774	155 210 848	(2 731 461)	152 479 387

##### Reconciliation of Investment property - Group 2017

	Opening balance	Transfers received	Depreciation	Total
Investment property	152 479 387	-	(357 613)	152 121 774

##### Reconciliation of Investment property - Group 2016

	Opening balance	Transfers received	Depreciation	Total
Investment property	145 233 670	7 610 000,00	(364 283)	152 479 387

##### Reconciliation of Investment property - Municipality 2017

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group			Municipality	
	2017	2016		2017	2016
		Restated			Restated
	R	R		R	R
	<b>Opening balance</b>	<b>Transfers received</b>	<b>Depreciation</b>	<b>Total</b>	
Investment property	152 479 387	-	(357 613)	152 121 774	

#### Reconciliation of Investment property - Municipality 2016

	Opening balance	Transfers received	Depreciation	Total
Investment property	145 233 670	7 610 000,00	(364 283)	152 479 387

#### Pledged as security

There were no properties pledged as security:

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

The comparative figure was restated. Refer to **Note 46**

#### Details of valuation

##### Investment property carried at cost:

The municipality applies the cost model to recognise its investment properties

Market valuations were performed by an independent valuer, Mrs. Penelope Jean Lindstrom, Board Member of South African Institute of Valuers and currently chairperson. Messrs Penelope Jean Lindstrom Valuations CC are not connected to the Municipality and have recent experience in location and category of the investment property being valued. Effective date of valuation June 2015.

The fair value of the investment property was determined based on current prices in an active market for similar property in the same location and condition. Although these investment properties, not all properties have leases attached to these properties, ownership of these properties was confirmed in the current financial year.

The carrying amount of the investment property if carried under the fair value model:

	152 121 771	92 955 487	152 121 771	92 955 487
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Rental income from investment property

	335 593	253 923	335 593	253 923
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Refer to **Note for 43** lease commitments

#### 4. Property, plant and equipment

Group	2017			2016 Restated		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 325 092	-	5 325 092	5 325 092	-	5 325 092
Buildings	15 827 408	(3 830 215)	11 997 193	15 827 408	(3 302 640)	12 524 768
Infrastructure	5 228 074 889	(762 558 056)	4 465 516 833	4 995 031 813	(666 860 925)	4 328 170 888
Community	61 968 710	(8 221 962)	53 746 748	61 968 710	(6 156 359)	55 812 351
Finance leased assets	7 274 722	(6 067 930)	1 206 792	4 316 464	(1 026 445)	3 290 019
Other assets	180 524 797	(91 728 784)	88 796 013	180 514 275	(76 414 941)	104 099 334
<b>Total</b>	<b>5 498 995 618</b>	<b>(872 406 947)</b>	<b>4 626 588 672</b>	<b>5 262 983 762</b>	<b>(753 761 310)</b>	<b>4 509 222 452</b>

#### Property, plant and equipment

Municipality	2017			2016		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	5 325 092	-	5 325 092	5 325 092	-	5 325 092
Buildings	15 827 408	(3 830 215)	11 997 193	15 827 408	(3 302 640)	12 524 768
Infrastructure	5 228 074 889	(762 558 056)	4 465 516 833	4 995 031 813	(666 860 925)	4 328 170 888
Community	61 968 710	(8 221 962)	53 746 748	61 968 710	(6 156 359)	55 812 351
Finance leased assets	7 274 722	(6 067 930)	1 206 792	4 316 464	(1 026 445)	3 290 019
Other assets	179 386 676	(90 814 369)	88 572 307	179 389 174	(75 647 821)	103 741 353
	<b>5 497 857 497</b>	<b>(871 492 532)</b>	<b>4 626 364 966</b>	<b>5 261 858 661</b>	<b>(752 994 190)</b>	<b>4 508 864 471</b>

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group				Municipality		
	2017	2016	2017	2016			
	R	Restated R	R	Restated R			
<b>Reconciliation of property, plant and equipment - Group 2017</b>							
	Opening balance	Additions	Disposal	Transfers	Under constructions: Work In Progress	Depreciation	Closing Carrying Value
Land	5 325 092	-	-	-	-	-	5 325 092
Buildings	12 524 768	-	-	-	-	(527 575)	11 997 193
Infrastructure	4 324 583 436	(95 482 066)	-	(94 726 619)	235 214 212	(95 697 131)	4 273 891 832
Community	55 812 356	-	-	-	-	(2 065 603)	53 746 753
Finance leased assets	3 290 019	566 556	-	-	-	(1 988 919)	1 867 656
Other assets	107 686 785	3 218 844	(5 929 491)	-	-	(16 180 124)	88 796 014
	<b>4 509 222 456</b>	<b>(91 696 666)</b>	<b>(5 929 491)</b>	<b>(94 726 619)</b>	<b>235 214 212</b>	<b>(116 459 352)</b>	<b>4 435 624 540</b>

### Reconciliation of property, plant and equipment - Group 2016

	Opening Carrying Value	Additions	Disposal	Transfers	Under constructions: Work In Progress	Depreciation	Closing Carrying Value
Land	5 950 092	-	-	(625 000)	-	-	5 325 092
Buildings	20 037 348	-	-	(6 985 000)	-	(527 580)	12 524 768
Infrastructure	3 926 984 260	114 901 198	(40 844 513)	(115 441 920)	517 570 286	(78 585 875)	4 324 583 436
Community	57 950 163	-	-	-	-	(2 137 807)	55 812 356
Finance leased assets	557 349	5 124 372	-	-	-	(2 391 702)	3 290 019
Other assets	96 418 417	33 467 293	(6 491 902)	-	-	(15 707 023)	107 686 785
	<b>4 107 897 629</b>	<b>153 492 863</b>	<b>(47 336 415)</b>	<b>(123 051 920)</b>	<b>517 570 286</b>	<b>(99 349 987)</b>	<b>4 509 222 456</b>

### Reconciliation of property, plant and equipment - Municipality 2017

	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Depreciation	Closing Carrying Value
Land	5 325 092	-	-	-	-	-	5 325 092
Buildings	12 524 768	-	-	-	-	(527 575)	11 997 193
Infrastructure	4 324 583 436	95 482 066	-	(94 726 619)	235 214 212	(95 697 131)	4 464 855 964
Community	55 812 356	-	-	-	-	(2 065 603)	53 746 753
Finance leased assets	3 290 019	566 556	-	-	-	(1 988 919)	1 867 656
Other assets	107 328 804	3 205 822	(5 929 491)	-	-	(16 032 827)	88 572 308
	<b>4 508 864 475</b>	<b>99 254 444</b>	<b>(5 929 491)</b>	<b>(94 726 619)</b>	<b>235 214 212</b>	<b>(116 312 055)</b>	<b>4 626 364 965</b>

### Reconciliation of property, plant and equipment - Municipality 2016

	Opening carrying value	Additions	Disposal	Transfers	WIP under construction	Depreciation	Closing Carrying Value
Land	5 950 092	-	-	(625 000)	-	-	5 325 092
Buildings	20 037 348	-	-	(6 985 000)	-	(527 580)	12 524 768
Infrastructure	3 926 984 260	114 901 198	(40 844 513)	(115 441 920)	517 570 286	(78 585 875)	4 324 583 436
Community	57 950 163	-	-	-	-	(2 137 807)	55 812 356
Finance leased assets	557 349	5 124 372	-	-	-	(2 391 702)	3 290 019
Other assets	96 025 336	33 325 896	(6 487 258)	-	-	(15 535 170)	107 328 804
	<b>4 107 504 548</b>	<b>153 351 466</b>	<b>(47 331 771)</b>	<b>(123 051 920)</b>	<b>517 570 286</b>	<b>(99 178 134)</b>	<b>4 508 864 475</b>

### Transfer of infrastructure

During the 2015/16 financial year, the Demarcation Board rezoned the Amathole District Municipality, (ADM) boundaries. The effect of the rezoning was a loss of some of the ADM villages to other municipalities. The assets, mainly water infrastructure assets, in the affected villages are to be transferred from ADM to the relevant municipalities as per the Demarcation Board's resolutions.

ADM is in an advanced stage of transferring the assets to the rightful municipalities. A list of assets to be transferred has been compiled and are mainly in the Buffalo City Metropolitan Municipality (BCMM) and Chris Hani District Municipality. The costing process of the affected assets is being finalised by ADM.

### Expenditure Incurred to repair and maintain Property, Plant and Equipment

Repairs and maintenance	R 3 978 677
<b>Total</b>	<b>3 978 677</b>

### Pledged as security



## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

Carrying value of assets as security in the year under review

Comparative figures have been restated: Refer **Note 46**

#### Capitalised expenditure (excluding borrowing costs)

Land and Buildings	-	-	-	-
Infrastructure	330 696 278	517 717 057	330 696 278	517 717 057
Finance leased assets	566 556	5 124 372	566 556	5 124 372
Other assets	3 218 844	33 434 793	3 205 822	33 293 396
	<b>334 481 677</b>	<b>556 276 222</b>	<b>334 468 655</b>	<b>556 134 825</b>

#### Compensation received for losses on property, plant and equipment - included in operating surplus

Motor vehicles	217 650	1 000 814	217 650	1 000 814
Office equipment	-	79 117	-	79 117
Other property, plant and equipment	46 899	38 489	46 899	31 164
	<b>264 549</b>	<b>1 118 420</b>	<b>264 549</b>	<b>1 111 095</b>

#### Assets subject to finance lease (Net carrying amount)

##### Other information

#### Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

Infrastructure	19 741 276	105 155 924	19 741 276	105 155 924
Other assets	371 315	314 039	-	-
	<b>20 112 591</b>	<b>105 469 963</b>	<b>19 741 276</b>	<b>105 155 924</b>

#### Reconciliation of work - in - Progress Group - 2017

	Included within Infrastructure	Total
Opening balance	2 132 210 435	2 132 210 435
Additions/capital expenditure	235 214 212	235 214 212
Transferred to completed items	(94 726 619)	(94 726 619)
	<b>2 272 698 028</b>	<b>2 272 698 028</b>

#### Reconciliation of work - in - Progress Group - 2016

	Included within Infrastructure	Total
Opening balance	1 770 911 679	1 770 911 679
Additions/capital expenditure	517 585 188	517 585 188
Transferred to completed items	(114 754 427)	(114 754 427)
Disposals	(40 844 513)	(40 844 513)
Transferred to completed items	(687 492)	(687 492)
	<b>2 132 210 435</b>	<b>2 132 210 435</b>

#### Reconciliation of work - in - Progress Municipality - 2017

	Included within infrastructure	Total
Opening balance	2 132 210 435	2 132 210 435
Additions/capital expenditure	235 214 212	235 214 212
Transferred to completed items	(94 726 619)	(94 726 619)
	<b>2 272 698 028</b>	<b>2 272 698 028</b>

#### Reconciliation of work - in - Progress Municipality - 2016

	Included within infrastructure	Total
Opening balance	1 770 911 679	1 770 911 679
Additions/capital expenditure	517 585 188	517 585 188
Transferred to completed items	(114 754 427)	(114 754 427)
Disposals	(40 844 513)	(40 844 513)
Transferred to completed items	(687 492)	(687 492)
	<b>2 132 210 435</b>	<b>2 132 210 435</b>

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

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

During the verification process of the current year (2016/17) there were assets that could not be physically found verified. These assets are to be investigated in the 2017/18 financial year.

Details of assets not verified are as follows:

Class	Carrying Value (2016/17)
Computer Equipment	514 030,58
Emergency Materials	4 850,98
Furniture and Fittings	185 878,74
Office Equipment	192 682,42
Plant and Equipment	170 995,16
Security Machinery	16 380,00
<b>Grand Total</b>	<b>1 084 817,88</b>

#### 5. Intangible assets Group

	2017			2016		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer Licences	32 992 634	(9 605 219)	23 387 414	17 833 600	(2 852 830)	14 980 770
Computer software	271 672	(269 550)	2 122	271 672	(261 539)	10 133
	<b>33 264 306</b>	<b>(9 874 769)</b>	<b>23 389 536</b>	<b>18 105 272</b>	<b>(3 114 369)</b>	<b>14 990 903</b>

#### Intangible assets Municipality

	2017			2016		
	Cost	Accumulated amortisation and accumulated impairment	Carrying value	Cost	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, licences	32 992 634	(9 605 219)	23 387 414	17 833 600	(2 852 830)	14 980 770

#### Reconciliation of intangible assets - Group 2017

	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Amortisation	Closing Carrying Value
Computer software, licences	14 990 903	29 759 074	(29 759 074)	15 159 034	(6 760 400)	23 389 537

#### Reconciliation of intangible assets - Group 2016

	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Amortisation	Closing carrying Value
Computer software, licences	267 651	-	-	15 116 028	(392 776)	14 990 903

#### Reconciliation of intangible assets - Municipality 2017

	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Amortisation	Closing carrying value
Computer software, licences	14 980 770	29 759 074	(29 759 074)	15 159 034	(6 752 389)	23 387 415

	Opening carrying value	Additions	Transfer In/(Out)	Work in progress	Amortisation	Closing carrying value
Computer software, licences	245 473	-	-	15 116 028	(380 731)	14 980 770

#### Pledged as security

Carrying value of intangible assets is not pledged as security

#### Restricted title

Carrying value of intangible assets whole title is not restricted.

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
<b>Other information</b>				
Fully amortised intangible assets still in use	2 315 301	2 315 301	2 091 972	2 091 972

The amortisation expense has been included in the line depreciation on the Statement of Financial Performance. A useful life of 3 years has been used in the calculation of amortisation. Software was fully depreciated at year end although still in use by the entity.

#### 6. Heritage assets

Group	2017			2016		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000,00	-	400 000	400 000	-	400 000

Municipality	2017			2016		
	Cost	Accumulated impairment losses	Carrying value	Cost	Accumulated impairment losses	Carrying value
Collections of historical implements	400 000,00	-	400 000	400 000	-	400 000

#### Reconciliation of heritage assets - Group 2017

	Opening balance	Total
Collections of historical implements	400 000	400 000

#### Reconciliation of heritage assets - Group 2016

	Opening balance	Total
Collections of historical implements	400 000	400 000

#### Reconciliation of heritage assets - Municipality 2017

	Opening balance	Total
Collections of historical implements	400 000	400 000

#### Reconciliation of heritage assets -Municipality 2016

	Opening balance	Total
Collections of historical implements	400 000	400 000

#### Pledged as security

Carrying value of heritage assets is not pledged as security

#### Method and assumption used

Valuations were performed by independent valuer , Mrs Penelope Jean Lindstrom [Board Member of South African Institute of Valuer], and currently the chairperson.

Messrs Penny Lindstrom Valuations CC are not connected to the municipality and have recent experience in location and category of asset being valued, effective date of valuation June 2015.

#### 7. Investment in controlled entities

Name of Company	Held by	% holding 2017	% holding 2016	Carrying amount 2017	Carrying amount 2016
Amathole Economic Development Agency (SOC) Limited t/a ASPIRE	ADM	100%	100%	1 000	1 000

#### Investment in Municipal entity

Amathole Economic Development Agency (SOC) Limited t/a ASPIRE  
Issued share capital (1000 ordinary shares of R1,00 each)  
100% owned by ADM council

The Amathole Economic Development Agency was established 1 September 2005

Place of incorporation : South Africa

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
<b>Principal activity:</b> To promote local economic development in the Amathole Municipal District Area				
The municipal transfers funds to the entity for operating purposes. Refer <b>Note 45</b> for related party transaction				
The ADM continues to provide support ASPIRE in terms of operational funding as well as having seconded senior personnel to the agency on temporary basis, during the previous financial year. In respect of the poor financial position that the entity finds itself in, certain initiative were undertaken to, among other things, identify the root causes of this situation. An investigation was conducted. In addition a financial recovery plan was developed for the Board's consideration and implementation in the next financial year.				
<b>8. Non current receivables</b>				
<b>Long term debtor - National Treasury (MIG)</b>	-	125 597 660	-	125 597 660
National Treasury approved the pledging of the Municipal Infrastructure Grant (MIG) for the two outer years in order to fast track sanitation backlogs. The funds were fully received during the current year.				
<b>Long Term Receivables</b>	1 710 906	1 712 595	1 710 906	1 712 595
Non-current receivables are financial assets which are categorized at amortised cost. The fair values of the loans are estimated to approximate their carrying amounts				
<b>Loans to sports clubs in the District</b>				
The loans to the local municipalities represents loans to Winterstrand and Kei Road Sports Club. The loans currently attract interest at 4% per annum and are repayable in 40 instalments over 20 years.				
<b>Deposits</b>				
The deposits relate to the amounts paid when the municipality enters into the leases for buildings and utilities				
	<b>1 710 906</b>	<b>127 310 255</b>	<b>1 710 906</b>	<b>127 310 255</b>
<b>Non current receivables</b>				
Deposits	1 710 803	1 712 595	1 710 803	1 712 595
Loans to sports clubs in the District	103	-	103	-
Subtotal	1 710 906	1 712 595	1 710 906	1 712 595
Less: Current portion transferred to current receivables	-	-	-	-
	<b>1 710 906</b>	<b>1 712 595</b>	<b>1 710 906</b>	<b>1 712 595</b>
<b>Long term debtor - National Treasury (MIG)</b>				
Current assets	-	125 597 660	-	125 597 660
Non current assets	-	-	-	-
	<b>-</b>	<b>125 597 660</b>	<b>-</b>	<b>125 597 660</b>
<b>9. Operating Lease Asset / (Accrual)</b>				
Non-Current Liabilities	1 349 195	2 865 513	1 301 522	2 844 286
	<b>1 349 195</b>	<b>2 865 513</b>	<b>1 301 522</b>	<b>2 844 286</b>
Operating Lease income and expenditure have been recognized on a straight line basis over the lease term. The effect of accounting for operating leases on the straight line basis had the above effect. The municipality leases office equipment and premises from external parties.				
<b>10. Employee benefit obligation</b>				
<b>Defined contribution plan</b>				
Provision for post employment health care benefits	241 846 123	218 036 332	241 846 123	218 036 332
Provision of ex-gratia benefits	99 981	106 860	99 981	106 860
Provision for long service benefits	21 598 288	21 044 409	21 598 288	21 044 409
	<b>263 544 392</b>	<b>239 187 601</b>	<b>263 544 392</b>	<b>239 187 601</b>
<b>Statement of Financial Performance</b>				
Current service cost	26 482 602	24 190 314	26 482 602	24 190 314
Interest cost	22 778 004	19 473 144	22 778 004	19 473 144
Actuarial gain recognised	17 596 854	15 895 458	17 596 854	15 895 458
Actuarial loss recognised	(19 755)	(9 992)	(19 755)	(9 992)
	<b>66 837 705</b>	<b>59 548 924</b>	<b>66 837 705</b>	<b>59 548 924</b>
<b>Post retirement medical aid plan</b>				
The Post Employment Health Care plan, of which members are made up as follows				
In service (employee) members	1 345	1 399	1 345	1 399
Continuation (retiree, widow/er and orphan) members	319	332	319	332
In service (employee) non- members	82	78	82	78
	<b>1 746</b>	<b>1 809</b>	<b>1 746</b>	<b>1 809</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
The unfunded liability in respect of past services has been estimated to be as follows:				
In service (employee) members	184 540 408	162 536 347	184 540 408	162 536 347
Continuation (retiree, widow/er and orphan) members	27 275 502	25 953 858	27 275 502	25 953 858
In service (employee) non- members	30 030 212	29 546 126	30 030 212	29 546 126
	<b>241 846 122</b>	<b>218 036 331</b>	<b>241 846 122</b>	<b>218 036 331</b>

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

Bonita's  
Hosmed  
Key health  
LA health  
Discovery  
Samwumed  
Gems

On retirement of an employee council has post retirement obligation to contribute 70% to the medical cost of the employee

#### Reconciliation of assets and liabilities recognised in the balance sheet

Present value of fund obligations  
Fair value on plan assets

	241 846 122	218 036 331	241 846 122	218 036 331
<b>Present value of unfunded obligations</b>				
Present value of obligations in excess of plan assets				
Unrecognised past service cost	241 846 122	218 036 331	241 846 122	218 036 331
Unrecognised actuarial (gains)/losses	-	-	-	-
Unrecognised transitional liability	-	-	-	-
Net liability in Balance Sheet	<b>241 846 122</b>	<b>218 036 331</b>	<b>241 846 122</b>	<b>218 036 331</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately.

#### Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	218 036 332	195 444 834	218 036 332	195 444 834
Current service costs	22 596 368	20 336 679	22 596 368	20 336 679
Expected benefits paid	(2 623 692)	(1 450 184)	(2 623 692)	(1 450 184)
Interest cost	20 840 365	17 905 931	20 840 365	17 905 931
Past service costs	-	-	-	-
Actuarial gain /losses	(17 003 250)	(14 200 928)	(17 003 250)	(14 200 928)
Contributions	-	-	-	-
Present value of fund obligation at the end of the year	<b>241 846 123</b>	<b>218 036 332</b>	<b>241 846 123</b>	<b>218 036 332</b>

#### Total unfunded liability

In service (employee) members	184 540 408	162 536 347	184 540 408	162 536 347
Continuation (retiree, widow/er and orphan) members	27 275 502	25 953 858	27 275 502	25 953 858
In service (employee) non- members	30 030 212	29 546 126	30 030 212	29 546 126
<b>All eligible individuals</b>	<b>241 846 122</b>	<b>218 036 331</b>	<b>241 846 122</b>	<b>218 036 331</b>

#### Average liability per individual

In service members	2 423	116 180	2 423	116 180
Continuation members	2 712	78 174	2 712	78 174
In service non- members	2 581	378 796	2 581	378 796
<b>All eligible individuals</b>		<b>573 150</b>		<b>573 150</b>

#### Reason for the movement in Liability

The total liability has increased by 11% (or R24 million) since the last valuation. The continuation pensioners increased by four over the valuation period which resulted in an increase in the liability.

The medical contribution increases also resulted in an increase to the liability.

#### Actuarial Gains and Losses

Actuarial (gain)/loss for the period	(17 003 250)	(14 200 928)	(17 003 250)	(14 200 928)
Contributions to actuarial loss	-	-	-	-

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Basis changes: in net discount rate	(25 234 886)	(3 414 942)	(25 234 886)	(3 414 942)
Contributions increases higher than assumed	4 358 792	(5 427 191)	4 358 792	(5 427 191)
Changes to membership profile different from assumed	1 115 601	(4 247 279)	1 115 601	(4 247 279)
Actual benefits vesting, lower than expected	2 757 243	(1 111 516)	2 757 243	(1 111 516)
<b>Net liability in the Statement of Financial Position</b>				
Opening balance	218 036 332	195 444 834	218 036 332	195 444 834
Current service cost	22 596 368	20 336 679	22 596 368	20 336 679
Interest cost	20 840 365	17 905 931	20 840 365	17 905 931
Expected return on plan assets	-	-	-	-
Transitional liability recognised	-	-	-	-
Actuarial (gain)/losses	(17 003 250)	(14 200 928)	(17 003 250)	(14 200 928)
Past service cost	-	-	-	-
Net periodic cost recognised in surplus and deficit	26 433 483	24 041 682	26 433 483	24 041 682
Expected employee benefit payments	(2 623 692)	(1 450 184)	(2 623 692)	(1 450 184)
Transitional liability recognised outside surplus and deficit	-	-	-	-
<b>Closing balance</b>	<b>241 846 123</b>	<b>218 036 332</b>	<b>241 846 123</b>	<b>218 036 332</b>
Current portion of liability (due in next 12 months)	2 715 807	2 623 692	2 715 807	2 623 692
Non-current portion of liability	239 130 315	215 412 639	239 130 315	215 412 639
Closing balance	<b>241 846 122</b>	<b>218 036 331</b>	<b>241 846 122</b>	<b>218 036 331</b>
<b>Reconciliation of fair value of plans assets</b>				
Fair value of plan assets at the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions: Employer	-	-	-	-
Contributions: Employee	-	-	-	-
Benefits paid	-	-	-	-
Closing balance	-	-	-	-
<b>Trend information</b>				
Present value of obligation		2018	2017	2016
		286 553 537	241 846 123	218 036 334
Fair value of plan assets		-	-	-
		<b>286 553 535</b>	<b>241 846 123</b>	<b>218 036 334</b>
<b>Expected adjustments</b>				
Actuarial gain (loss) before changes in assumptions	-	-	-	-
In respect of present value of obligations	17 003 250	14 200 929	17 003 250	14 200 929
In respect of fair value of plan assets	-	-	-	-
	<b>17 003 250</b>	<b>14 200 929</b>	<b>17 003 250</b>	<b>14 200 929</b>

#### Sensitivity results

The liability at the Valuation Date was recalculated to show the effect of :

- (i) A 1% increase and decrease in the assumed rate of health care cost inflation;
- (iii) A one - year age reduction in the assumed rates of post - retirement mortality ;

#### Sensitivity analysis on the current-service and interest cost for the year ending

Assumption	Change	Liability	Percentage change
<b>Central Assumptions</b>		241 846 122	
<b>Medical inflation</b>	+1%	290 260 798	20,02%
	-1%	203 714 634	-15,77%
<b>Post-retirement mortality</b>	-2 yr	249 313 477	3,09%

The post mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 69. The liability is expected to increase under this. The table above indicates, for example, that if medical inflation is 1% greater than the long-term assumption made, the liability will be 20% higher than that shown. higher than that shown.

#### Sensitivity analysis on the current-service and interest cost for the year ending

Assumption	Change	Current - Service Cost	Interest Cost	Total	% change
<b>Central Assumptions</b>		23 164 432	24 258 790	47 423 222	
<b>Medical inflation</b>	+1%	29 019 234	29 133 385	58 152 619	23%
	-1%	18 679 250	20 403 942	39 083 192	-18%
<b>Post-retirement mortality</b>	-2 yr	23 837 205	25 002 897	48 840 102	3%

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality		
	2017	2016	2017	2016	
	R	Restated R	R	Restated R	
<b>Key Financial Assumptions</b>					
<b>Assumption</b>			<b>Value p.a.</b>	<b>Value p.a.</b>	
Discount rate			10,08%	9.61%	
Health care cost inflation rate			8,48%	8.61%	
Net discount rate - health care cost inflation			1,17%	0.92%	
Consumer price index			6,98%	7,11%	
The next contribution rate increase is assumed to occur at 1 January 2018.					
<b>Assumption</b>			<b>Value</b>	<b>Value</b>	
Average retirement age			59 for males ; 56 for females	59 for males ; 56 for females	
Continuation of membership at retirement			95%	95%	
Proportion assumed married at retirement			95%	95%	
Proportion of eligible current non-member employees joining the scheme by			40%	50%	
Mortality during employment			SA 85-90	SA 85-90	
Mortality post - retirement			PA ( 90 ) - 1	PA ( 90 ) - 2	
Withdrawal from service ( sample annual rates )	<b>Age</b>	<b>2017 Females</b>	<b>2017 Males</b>	<b>2016 Females</b>	<b>2016 Males</b>
	20	10%	15%	10%	15%
	25	10%	12%	10%	7%
	30	10%	7%	7%	4%
	35	9%	5%	3%	1%
	40	7%	4%		
	45	5%	2%		
	50	3%	1%		
	55	1%	0%		
	55+	0%	0%		

#### Provision for retirement gratuity benefits

Employees of the Amathole District Municipality participated in the following benefit funds:

Cape Joint Pension Fund (defined contribution)  
 Eastern Cape Gratuity Fund (defined contribution)  
 Eastern Cape Municipal Pension Fund (defined contribution)  
 Cape Joint Retirement Fund (defined contribution)  
 National Fund for Municipal Workers (defined contribution)  
 South African Municipal Workers National Provident Fund (defined contribution)  
 Government Employees Pension Fund (defined benefit)  
 South African Local Authorities Pension Fund (defined contribution)

#### Multi - employer funds

The actuaries appointed to perform the valuation on the gratuity obligation were of the opinion that the Amathole District Municipality do not have an obligation for this post - employment benefits. Hence the liability is not recognised and disclosure was made to reflect information pertaining to multi-employer funds

The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by the multi-employer plan. It is therefore deemed impracticable to obtain this information at a suitable level of details.

Thus, some of the entities defined benefit plans are not treated as defined benefit plans as defined by GRAP 25, but are rather accounted for as defined contribution plans. These are listed under the defined contribution plan heading as a GRAP 25 Exception.

This is in line with the exemption in GRAP 25 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans.

The following table reflects information on the defined benefit retirement, pension and provident funds to which councillors and employees belong, and in respect of which there is not sufficient information available to make more detailed disclosures.

The Pension Funds Act requires every pension fund to complete a statutory valuation at least every three years .

#### Defined contribution (DC) Multi - employer plans

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
	<b>Number of the Municipality's employees belonging to the plan</b>	<b>Amount of contributions paid by the Municipality for the year ending 30 June 2017</b>	<b>Number of the Municipality's employees belonging to the plan</b>	<b>Amount of contributions paid by the Municipality for the year ending 30 June 2016</b>
Cape Retirement Fund ( CRF )	1 496	55 213 992	1 496	55 213 992
SAMWU National Provident Fund ( SNPF)	137	4 018 548	137	4 018 548
National Fund for Municipal Workers	9	231 804	9	231 804
Cape Joint Pension Fund	10	124 740	10	124 740
Easter Cape Gratuity Fund	2	24 197	2	24 197
Easter Cape Municipality Pension Fund	2	62 913	2	62 913

#### Defined benefits ( DB ) Multi - employer plans

Sufficient information is not available in respect of these multi-employer BD plans to enable full DB accounting disclosure because :

- Plan assets are held as one portfolio and not notionally allocated to each participating employer
- Similarly, the plan's financial statements are not constructed separately for each participating employer, but rather in respect of the whole plan including all the participating employers.
- Contribution rates do not usually vary by participating employer . The table below reflects the municipality's contributions to these Defined Benefit (DB) plans for the year

#### Multi - employer plan

	Number of the Municipality's employees belonging to the plan	Total number of active members per the Plan's most recent valuation report	Amount of contributions paid by the Municipality for the period ending 30 September 2016	Date of most recently available actuarial valuation report	Funding level
GEPF	66	1 298 394,00	1 407 180	31-Mar-14	100%
SALA PF	3	16 997,00	81 180	01-Jul-15	100%

Net pre-ret discount rate	Key Assumptions	
	Salary Inflation	Net post - ret discount rate
3,24%	7,90%	5,59%
1,84%	8,75%	5,25%

Further information for each plan follows below:

#### GEPF (Government Employees Pension Fund)

The funding level of the GEPF remained at 100% as at the 31 March 2014 valuation date compared with the 100% funding level as at the 31 March 2012. The plan is holding reserves at 46.6% of what would be in line with the long-term funding level per the Board of Trustees adopted GEPF Funding Policy, compared with 5.9% as at 31 March 2012.

This employer contribution rate remains at 16% in respect of the Services employee category and 13% in respect of the 'Others' employee category.

#### SALA PF (South Africa Authorities Pension Fund)

There is a defined contribution section in this Plan (27% of the active membership). The valuation actuary recommended that the prevailing employer contribution rate at 1 July 2015 be maintained at 19.18%. This includes a margin of 1.65% compared with the contribution rate required to fund the Projected Unit Method future service benefits and associated costs. The valuation actuary suggested that the contribution reserve of R317.8 m set up at valuation date should remain if the valuation assumptions are borne out in practice, be sufficient to subsidise the shortfall.

#### Provision for ex - gratia benefits

Eligible employees

	Male	Total
Number of pensioners	5	5
Average monthly payment	558	558
Average age	88,8	90,3

#### Reconciliation of assets and liabilities recognised in the balance sheet

Total value of liabilities	99 982	106 861
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## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Value of assets			-	-
<b>Unfunded accrued liability</b>			<b>99 982</b>	<b>106 861</b>
Unfunded accrued liability			99 982	106 861
Unrecognised actuarial gain			-	-
Unrecognised past service cost			-	-
<b>Net liability in the Statement of Financial Position</b>			<b>99 982</b>	<b>106 861</b>
Total unfunded liability			99 982	106 861
Average liability per retiree			19 996	21 372
Certain pensions are paid by the municipality from its own revenue and are therefore not funded by pension funds. These pensions are payable for life and increase annually but not by any inflationary factor.				
The <b>average liability</b> has decreased by 6% due to an increase in the average age and an increase in the discount rate.				
The <b>total liability</b> has also decreased by 6 % (or R6 879) since the last valuation due to the above and because the number of pensioners has remained the same.				
<b>Analysis of the unexpected movement in the liability</b>				
<b>Actuarial gain for the period</b>			<b>19 755</b>	<b>9 992</b>
Contributions to actuarial loss :			-	-
Basis changes : increase in net discount rate			(505)	(1 432)
Changes to membership profile different from assumed			20 260	21 122
Actual benefits vesting, lower than expected			-	(9 697)
<b>Trend information</b>				
	<b>2018</b>	<b>2017</b>	<b>2016</b>	
Present value of obligations	76 861	99 982	106 861	
Fair value of plan assets	-	-	-	
	<b>76 861</b>	<b>106 861</b>	<b>106 861</b>	
Experience adjustments				
		<b>2017</b>	<b>2016</b>	
<b>Actuarial Gain / Loss before in Assumptions</b>				
In respect of Present Value of Obligations		19 755	9 992	
In respect of Fair Value of Plan Assets		-	-	
		<b>19 755</b>	<b>9 992</b>	
Present value of fund obligation at the beginning of the year		106 860	113 772	
Current service costs		-	-	
Interest Cost		6 872	6 905	
Actuarial (gain)/losses		19 755	9 992	
Expected benefit payments		(33 506)	(23 809)	
		<b>99 982</b>	<b>106 860</b>	
<b>Reconciliation of fair value of plan assets:</b>				
Fair value of plan assets at the beginning of the year		-	-	
Expected return on plan assets		-	-	
Contributions: Employee		-	-	
Past service costs		-	-	
Actuarial (gain)/losses		-	-	
Benefits paid		-	-	
<b>Fair value of plan assets at the end of the year</b>		<b>-</b>	<b>-</b>	
<b>Current service costs and interest costs</b>				
Total cost		6 872	6 905	

There is no Current-service Cost as there are no in-service members eligible for ex-gratia pension benefits. The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit payments, over the corresponding year. This arises because all future ex-gratia benefits are one year closer to payment.

### Net liability in the Statement of Financial Position

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Opening balance			106 860	113 772
Current service cost			-	-
Interest cost			6 872	6 905
Expected return on plan assets			-	-
Transitional liability recognised				
Actuarial (gain)/losses			19 755	9 992
Net periodic cost recognised in surplus and deficit			26 627	16 897
Expected employee benefit payments			(33 506)	(23 809)
Transitional liability recognised outside surplus and deficit			-	-
<b>Closing balance</b>			<b>99 982</b>	<b>106 860</b>
Current portion			29 751	33 506
Non - current portion			70 230	73 355

Sensitivity analysis on the unfunded accrued liability

Assumption	Change	Liability	% Change	
<b>Long term discount rate</b>				
Central assumptions		99 982		
Discount rate	+1%	102 704	-2,57%	
	-1%	97 415	2,72%	
Post - retirement mortality				
<b>Assumption</b>	<b>Change</b>	<b>Liability</b>	<b>% Change</b>	
<b>Mortality</b>				
Post - retirement mortality	-3 yr	30 020	5,21%	
<b>Key actuarial assumptions used</b>			<b>Value p.a</b>	<b>Value p.a</b>
<b>Assumption</b>				
Discount Rate			7,79%	7,60%
Mortality in retirement			PA(90)-1	PA(90)-1

#### Provision for long service benefits

An actuarial valuation has been performed of the municipality's liability for long service benefits relating to long service awards to which employees may become entitled to. The municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. This provision is the present value of the total long service awards expected to become payable under the municipality's current arrangements and based on the actuarial assumptions made. The municipality has elected to recognise the provision in full.

#### Summary for eligible employees

	Total	Total
Number of eligible employees	1 663	1 663
Average annual salary	201 399	207 699
Salary - weighted average age	41,1	41,4
Salary - weighted average past service	8,43	7,8

Long service awards for the levels of past service

Completed Service (in years)	Long Service Awards (Days Accumulated)	Long Service Bonuses (% of Annual Salary)	Description
5	5	2%	2% ) x annual salary
10	10	3%	3% ) x annual salary
15	15	4%	4% ) x annual salary
20	15	5%	5% ) x annual salary
<b>25, 30, 35, 40, 45</b>	<b>15</b>	<b>6%</b>	<b>6% ) x annual salary</b>

A day of accumulated leave is worth 1/260 of the annual salary.

In the month that each " Completed Service " milestone is reached, the employee is granted a LSA.

Working days awarded are valued at 1/260 of annual salary per day ( [ Daily leave is valued as follows: Annual basic salary / ( 12 months x 4.33 weeks per month x 5 days per week] )

Retirement gifts are awarded to all employees who retire at age 65. According to the Municipality, only 3% of employees are expected to receive the gift, since the majority retire before age 65.

The value of the retirement gift used in the last valuation was : R 1,730 for employees with under twelve years of total service at retirement R3,240 for employees with twelve or more years of total service at retirement

These values have been assumed to increase by 7% since the last valuation. The value of the retirement gift is assumed to increase in line with CPI inflation in the future.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016 Restated	2017	2016 Restated
	R	R	R	R
<b>Employee related costs</b>				
Current service cost	3 886 234	3 853 635	3 886 234	3 853 635
Interest cost	1 930 767	1 560 308	1 930 767	1 560 308

(i) The Current- Service Cost reflects the additional liability that is expected to accrue in respect of in-service members over the corresponding year.

(ii) The Interest Cost represents the accrual of interest on the Accrued Liability, allowing for benefit vesting's, over the corresponding year. This arises because all future LSA benefits are one year closer to payment

#### Provision for long service award liability

Opening accrued liability	24 950 635	21 793 700	24 950 635	21 793 700
Current service cost	3 886 234	3 853 635	3 886 234	3 853 635
Interest cost	1 930 767	1 560 308	1 930 767	1 560 308
Benefit vesting's	(3 906 226)	(562 478)	(3 906 226)	(562 478)
Total annual expense	1 910 775	4 851 465	1 910 775	4 851 465
Actuarial loss / (Gain)	(593 604)	(1 694 530)	(593 604)	(1 694 530)
Closing Accrued Liability	<b>26 267 806</b>	<b>24 950 635</b>	<b>26 267 806</b>	<b>24 950 635</b>

#### Reconciliation of assets and liabilities recognised in the Statement of Financial Position

Present value of fund accrued liability	<b>26 267 806</b>	<b>24 950 635</b>	<b>26 267 806</b>	<b>24 950 635</b>
Fair value of plan assets	-	-	-	-
Unrecognised actuarial gain	-	-	-	-
Unrecognised transition liability	-	-	-	-
Unrecognised past service cost	-	-	-	-
<b>Net liability in the Statement of Financial Position</b>	<b>26 267 806</b>	<b>24 950 635</b>	<b>26 267 806</b>	<b>24 950 635</b>

The net discount rate changed from 1.24% to 2.07% during the valuation period, as a result the obligation decreased.

The total liability has increased by 15% ( or R3 886 234) due to the above, partially offset by the fact that there are fewer eligible employees than at the last valuation.

#### Net liability to reflect in the Statement of Financial Position

Opening balance		24 950 635	21 793 700
Current service cost		3 886 234	3 853 635
Interest cost		1 930 767	1 560 308
Expected return on plan assets		-	-
Transitional liability recognised		-	-
Actuarial gains recognised in surplus and deficit		(593 604)	(1 694 530)
Past service cost		-	-
Effect of Curtailment / Settlement		-	-
Miscellaneous Item		-	-
Net Periodic Cost Recognised in profit and loss		5 223 397	3 719 413
Expected employer benefit vesting's		(3 906 226)	(562 478)
		<b>26 267 806</b>	<b>24 950 635</b>

Current portion of liability ( due in the next 12 months ) refer to **Note 19**

Non - current portion of the liability

#### Reconciliation of present value of accrued liability:

Present value of accrued liability at the beginning of the year		24 950 635	21 793 700
Current service costs		3 886 234	3 853 635
Interest cost		1 930 767	1 560 308
Expected return on plan assets		-	-
Actuarial (gain)/losses		(593 604)	(1 694 530)
Expected employee benefit vesting's		(3 906 226)	(562 478)
<b>Closing balance</b>		<b>26 267 806</b>	<b>24 950 635</b>

Total unfunded liability

Average liability per member

#### Reconciliation of affair value of plans assets

Fair value of plan assets at the beginning of the year

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Expected return on plan assets			-	-
Contributions: Employee			-	-
Past service costs			-	-
Actuarial gains/(losses)			-	-
Benefits paid			-	-
<b>Fair value of plan assets at the end of the year</b>			<b>-</b>	<b>-</b>

Key actuarial assumptions used

#### Financial assumptions

Discount rate			8,49%	8,38%
General salary inflation (long -term)			6,29%	7,05%
Net effective discount rate			2,07%	1,24%
Consumer price index			5,29%	6,05%

#### Demographic Assumptions

Average retirement age	59 for males	56 for females
Mortality during employment	SA67 -70	

Withdrawal from service ( sample annual rates )

Age	Female	Male
20	24%	16%
25	24%	16%
30	18%	12%
35	15%	10%
40	10%	8%
45	6%	6%
50	4%	4%
55	2%	2%
55+	0%	0%

#### Sensitivity analysis assumption Accrued liability

Assumption	Change	Liability	% Change
Central assumptions		26 267 806	
General salary inflation	+1%	28 014 673	6,65%
	-1%	24 686 604	-6,02%
Mortality	+2 yrs	26 393 061	-0,48%

(i) A 1% increase and decrease in the assumed general salary inflation rate :

( iii) A two- year decrease and increase in the assumed average retirement age of employees; and

The table above indicates, for example, that if salary inflation is 1% greater than the long-term assumption made , the liability will be 6,65% higher.

#### 11. Inventories

Housing projects	601 332	1 051 057	601 332	1 051 057
Consumable stores	761 224	427 948	761 224	427 948
Water	7 061 670	7 058 200	7 061 670	7 058 200
	<b>8 424 226</b>	<b>8 537 205</b>	<b>8 424 226</b>	<b>8 537 205</b>

#### Housing projects

The cost incurred on completed housing units that are occupied by beneficiaries has been transferred to the Statement of Financial Performance. A stock count of inventory on hand was conducted at year end and these quantities have been costed

#### Water inventory

Unsold purchased water has been disclosed. Correct meter readings at the beginning and end of the financial year could not be guaranteed. Consulting engineers were thus appointed to determine the water on hand for each scheme based on the capacity of reservoirs and pipelines.

#### Write down of inventory

Raw materials of R11 243 (2016: R17 370) on site for the housing projects were found to be damaged and were not suitable for construction.

No inventory pledged as a security.

#### 12. Receivables from exchange transactions

Trade receivables	68 856 996	58 679 182	68 856 996	58 679 182
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#### Trade receivables

Balance as at 30 June 2017

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
		<b>Gross balances</b>	<b>Allowance for impairment</b>	<b>Net balance</b>
Water		415 787 211	(361 921 605)	53 865 606
Sanitation		257 923 478	(242 932 088)	14 991 390
		<b>673 710 688</b>	<b>(604 853 693)</b>	<b>68 856 996</b>

#### Balance as at 30 June 2016

	Gross balances	Allowance for impairment	Net balance
Water	278 809 290	(269 206 469)	9 602 821
Sanitation	185 852 574	(146 434 630)	39 417 944
Interest on arrears component	109 796 919	(100 138 502)	9 658 417
	<b>574 458 783</b>	<b>(515 779 601)</b>	<b>58 679 182</b>

#### Water and sanitation - Debtors ageing

Current (0-30 days)	49 362 963	53 071 210
30 - 60 days	18 496 192	20 523 310
60 - 90 days	18 281 106	17 679 100
90 - 120 days	16 039 557	17 338 111
120 - 330 days	140 598 605	114 502 607
330 + days	430 932 265	351 344 445
	<b>673 710 688</b>	<b>574 458 783</b>

#### Summary of debtors by customer classification - 30 June 2017

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Current (0-30 days)	33 325 249	4 157 938	11 879 777	49 362 963
30 - 60 days	14 283 526	1 295 106	2 917 559	18 496 192
60 - 90 days	14 436 592	1 193 277	2 651 237	18 281 106
90 - 120 days	12 555 099	1 104 683	2 379 774	16 039 557
120 - 330 days	109 428 492	6 132 126	17 096 283	132 656 901
330+ days	365 016 169	10 465 000	63 392 799	438 873 968
Subtotal	549 045 128	24 348 130	100 317 429	673 710 688
Less: Allowance for impairment	(493 647 413)	(18 534 380)	(92 671 899)	(604 853 693)
	<b>55 397 715</b>	<b>5 813 750</b>	<b>7 645 530</b>	<b>68 856 996</b>

#### Summary of debtors by customer classification - 30 June 2016

	Domestic	Industrial / Commercial	National and Provincial Government	Total
Current (0-30 days)	34 538 363	4 667 276	13 865 571	53 071 210
30 -60 days	14 020 710	1 432 385	5 070 215	20 523 310
60 - 90 days	13 323 020	1 047 417	3 308 663	17 679 100
90 - 120 days	13 375 103	655 424	3 307 585	17 338 112
120 - 330 days	87 825 300	4 472 475	22 204 833	114 502 608
330+ days	269 581 518	6 268 841	75 494 087	351 344 446
Subtotal	432 664 014	18 543 818	123 250 954	574 458 786
Less: Allowance for impairment	(402 308 090)	(15 473 388)	(97 998 124)	(515 779 602)
	<b>30 355 924</b>	<b>3 070 430</b>	<b>25 252 830</b>	<b>58 679 182</b>

The comparative figures were restated refer **Note 46**

#### Credit quality of trade and other receivables

The following represents information on the credit quality of trade receivables that are neither past due nor impaired:

##### Trade receivables

##### Counterparties without external credit rating

A - Government	15	19	15	19
B - Businesses	3	3	3	3
C - Domestic and other	82	78	82	78
	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

A - The debtors are of good credit quality and default in payment is expected .

B - The debtors are usual good payers, but there is a possibility that the debtor may not be able to pay on time.

C - These debtors usually pay, but have previously paid late and therefore there is a possibility that these debtors will not be recoverable.

#### Method of determining credit quality of trade and other receivables from exchange transaction

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. Consumer debtors with a demonstrative ability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make adequate provision for such relief. The municipality has determined the above credit ratings internally through the consideration of previous payment trends per debtor type. Interest is raised at prime on overdue accounts.

#### Trade and other receivables past due but not impaired

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

1 month past due	29 617 778	31 842 726	29 617 778	31 842 726
2 months past due	3 699 238	4 104 662	3 699 238	4 104 662
3 months past due	3 656 221	3 535 820	3 656 221	3 535 820
4 months past due	3 207 911	3 467 622	3 207 911	3 467 622
greater than 4 months	28 675 847	15 728 354	28 675 847	15 728 354

#### Trade and other receivables impaired

The amount of the provision was (R604 853 693) as of 30 June 2017 (R515 779 602 ) as of 30 June 2016.

The ageing of or these is as follows:

1 to 3 months	19 745 185	21 228 484	19 745 185	21 228 484
3 to 6 months	14 796 953	16 418 648	14 796 953	16 418 648
6 to 9 months	14 624 885	14 143 280	14 624 885	14 143 280
more than 9 months past due	555 686 669	463 989 190	555 686 669	463 989 190

#### Reconciliation of provision for impairment of trade and other receivables including other receivables

Opening balance	529 682 710	517 761 646	529 682 710	517 761 646
Provision for impairment	128 945 383	162 127 101	128 945 383	162 127 101
Amounts written off as uncollectable	(37 394 766)	(150 206 037)	(37 394 766)	(150 206 037)
<b>Closing balance</b>	<b>621 233 327</b>	<b>529 682 710</b>	<b>621 233 327</b>	<b>529 682 710</b>

The estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments ( more than 30 days overdue ) are considered indicators that the consumer debtor is impaired. Total bad debts of R37 380 340 were written off during the year.

#### 13. Receivables from non - exchange transactions

Total other debtors	11 238 185	9 423 249	11 103 477	9 273 992
<b>Receivables from non - exchange transactions</b>				
Sundry receivables	27 508 823	23 184 575	27 483 113	23 177 101
Prepayments	64 998	64 988	-	-
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Funding	-	32 795	-	-
Deposits	44 000	44 000	-	-
Subtotal	27 617 821	23 326 358	27 483 113	23 177 101
Less: Allowance for doubtful debts	(16 379 636)	(13 903 109)	(16 379 636)	(13 903 109)
	<b>11 238 185</b>	<b>9 423 249</b>	<b>11 103 477</b>	<b>9 273 992</b>

In determining the recoverability of other receivables, the municipality considers any change in the credit quality of other receivables from the date on which the credit was initially granted up to the reporting date.

The fair value of other receivables approximates their carrying amounts.

#### Receivables from non - exchange transactions past due but not impaired

Other receivables from non - exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2017, R11 238 185( 2016: R9 423 249 ) were past due but not impaired

The ageing of amounts past due but not impaired is as follows

3 months past due	11 238 185	9 423 249	11 103 477	9 273 992
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#### Receivables from non - exchange transactions impaired

The amount of the provision was ( R16 379 636 ) as of 30 June 2017, ( 2016: R 13 903 109 )

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Over 6 months	16 379 636	13 903 109	16 379 636	13 903 109
<b>Reconciliation of provision for impairment of receivables from non - exchange transaction</b>				
Opening balance	13 903 109	14 099 796	13 903 109	14 099 796
Provision for impairment	2 476 527	-	2 476 527	-
Amounts written off as uncollectible	-	(196 687)	-	(196 687)
	<b>16 379 636</b>	<b>13 903 109</b>	<b>16 379 636</b>	<b>13 903 109</b>

#### 14. VAT receivables

VAT	45 337 734	44 238 280	45 337 734	44 054 118
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VAT is paid over to SARS only once payment is received from debtors. All VAT returns have been submitted by due date throughout the year.

#### 15. Cash and cash equivalents

Cash on hand	10 577	9 095	9 000	9 000
Bank balances (current accounts)	143 087 851	82 907 025	138 517 717	79 031 373
Short - deposits (call accounts)	33 687 433	64 759 088	29 030 533	52 324 259
	<b>176 785 861</b>	<b>147 675 208</b>	<b>167 557 250</b>	<b>131 364 632</b>

An amount of R58 723 117 ( 2016 : R56 394 186) of the unspent conditional grants is included in cash and cash equivalents. Investments of R28 million have been included as short term deposits as this investment has been invested for less than three months .

#### The group had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015
STD Bank Account no - 081-039-454 (primary)	68 537 260	62 693 400	35 546 975	51 780 609	62 279 481	34 267 739
ABSA BANK Account no - 406-309-3498	69 837 075	16 497 554	43 930 738	69 837 075	16 497 554	43 930 738
STD Bank - Call no 088-643-816-001	1 000 000	1 000 000	1 000 000	1 000 000	4 447 210	1 000 000
RMB Bank	-	-	10 112 247	-	-	10 112 247
STD Bank	-	20 000 000	27 322 355	-	20 000 000	27 322 355
Standard Bank (secondary SAP Account)	16 900 032	-	-	16 900 032	-	-
Nedbank	-	-	10 131 425	-	-	10 131 425
Investec	17 995 273	17 000 000	17 219 792	17 995 273	17 000 000	17 219 792
ABSA	10 035 260	10 000 000	60 599 299	10 035 260	10 000 000	60 599 299
AEDA Cheque Account : ABSA Bank	-	169 205	1 140 946	-	169 205	1 140 946
AEDA Call account : Standard Bank	2 627 097	1 952 926	66 963	2 627 097	1 952 926	66 963
AEDA Cheque Account : Standard Bank	79 899	555 200	138 819	79 899	555 200	138 819
Aspire Natural Resources Management : Standard Bank	3 279 576	822 710	1 141 879	3 279 576	822 710	1 141 879
Black Wattle Account	6 226	6 226	6 226	6 226	6 226	6 226
Cash on hand	1 577	95	116	1 577	95	116
DEA- Adopt a spot cheque account : Standard Bank	1 141 370	1 554 092	2 026 640	1 141 370	1 554 092	2 026 640
EA - Dot Cheque account : Standard Bank	6 353	7 906	31 331	6 353	7 906	31 331
EC- BCM Waste Management Standard Bank	53 191	754 854	762 630	53 191	754 854	762 630
HAR Dot cheque account : Standard Bank	9 745	11 685	13 155	9 745	11 685	13 155
NDPG call account	2 023 577	10 475 678	10 110 535	2 023 577	10 475 678	10 110 535
<b>Total</b>	<b>193 533 512</b>	<b>143 501 531</b>	<b>221 302 071</b>	<b>176 776 861</b>	<b>146 534 822</b>	<b>220 022 835</b>

#### The Municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2017	30 June 2016	30 June 2015	30 June 2017	30 June 2016	30 June 2015

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

			Group		Municipality	
			2017	2016	2017	2016
				Restated		Restated
			R	R	R	R
ABSA BANK Account no - 406-309-3498	69 837 075	16 497 554	43 930 738	69 837 075	16 497 554	43 930 738
Standard Bank Account no - 081-109-3454	68 537 260	62 693 400	35 546 975	51 780 609	62 279 481	34 267 739
Standard Bank - Call no 088-643-816-001	1 000 000	1 000 000	1 000 000	1 000 000	4 447 210	1 000 000
Rand Merchant Bank (RMB)	-	-	10 112 247	-	-	10 112 247
Standard Bank	-	20 000 000	27 322 355	-	20 000 000	27 322 355
Standard Bank (secondary SAP Account)	16 900 032	-	-	16 900 032	-	-
Nedbank	-	-	10 131 425	-	-	10 131 425
Investec Bank	17 995 273	17 000 000	17 219 792	17 995 273	17 000 000	17 219 792
ABSA Bank	10 035 260	10 000 000	60 599 299	10 035 260	10 000 000	60 599 299
<b>Total</b>	<b>184 304 900,54</b>	<b>127 190 954</b>	<b>205 862 831</b>	<b>167 548 250</b>	<b>130 224 245</b>	<b>204 583 595</b>

#### 16. Finance lease obligation

##### Minimum lease payment due

within one year	700 506	2 924 796	700 506	2 924 796
in second to fifth year inclusive	157 529	470 565	157 529	470 565
	858 035	3 395 361	858 035	3 395 361
Less: future finance charges	(49 653)	(191 652)	(49 653)	(191 652)
<b>Present value of minimum lease payments</b>	<b>808 382</b>	<b>3 203 709</b>	<b>808 382</b>	<b>3 203 709</b>

##### Present value of minimum lease payments

within one year	659 962	2 738 674	659 962	2 738 674
in second to fifth year inclusive	148 421	465 035	148 421	465 035
	<b>808 383</b>	<b>3 203 709</b>	<b>808 383</b>	<b>3 203 709</b>
Non - current liabilities	659 962	465 035	659 962	465 035
Current liabilities	148 421	2 738 674	148 421	2 738 674
	<b>808 383</b>	<b>3 203 709</b>	<b>808 383</b>	<b>3 203 709</b>

It is the municipality policy to lease certain office equipment under leases. These leases have been classified as finance leases in accordance with GRAP standard on leases.

The average lease term was 3 years and the average effective borrowing rate was 9.2% ( 2016: 8.5 %). All leases have fixed repayment terms with no escalation rate, but varies with the changes in the prime interest rate.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets.

#### Default and breaches

Although the average creditors payment days ratio was as 88% at 30 June 2017 due to the cash flow constraints, from time to time the municipality had challenges in meeting the 30 days legislated timeframe for payments on invoices. This resulted in an aggregate of 12% of invoices processed and not paid within 30 days during the 2016/17 financial year. The municipality has exercised reasonable steps to ensure that invoices are paid within 30 days of receipts.

	R
Total Value of invoices processed	864 804 926
Value of invoices processed and paid within 30 days	760 097 719
Value of invoices processed but not paid within 30 days	104 707 207
Percentage	12%

#### 17. Unspent conditional grants and receipts comprise of :

Total Unspent conditional grants and receipts	58 723 117	56 394 186	50 801 687	41 914 426
National government grant	9 724 300	1 080 163	9 724 300	1 080 163
Provincial government grant	38 500 199	40 256 222	38 500 199	40 256 222
Other grant providers	10 498 619	15 057 801	2 577 189	578 041
	<b>58 723 117</b>	<b>56 394 186</b>	<b>50 801 687</b>	<b>41 914 426</b>
<b>Movement during the year</b>				
Balance at the beginning of the year	56 394 188	58 558 730	41 914 426	45 239 540
Additions during the year	612 438 178	674 816 150	602 183 715	656 271 859
Income recognition during the year	(599 647 540)	(676 980 692)	(593 296 454)	(659 596 973)
Return of Unspent Grant to National Treasury	(10 461 707)	-	-	-
Balance at the end of the year	<b>58 723 119</b>	<b>56 394 188</b>	<b>50 801 687</b>	<b>41 914 426</b>

The unspent conditional grant funding is covered within the cash and cash equivalents and current investments.

#### 18. Interest bearing borrowings: DBSA



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
<b>At amortised cost</b>				
Bank loan	-	132 684 268	-	132 684 268
Terms and conditions				

The loan was obtained from DBSA to fund sanitation projects. Interest is charged at 8.51% and is repayable in 6 instalments  
The loan was fully settled during January 2017.

#### Current liabilities

At amortised cost	-	132 684 268	-	132 684 268
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#### 19. Provisions

##### Reconciliation of provisions - Group 2017

	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	3 906 226	763 292	-	4 669 518
Performance bonus	3 629 561	2 088 118	(3 629 716)	2 087 963
	<b>7 535 787</b>	<b>2 851 410</b>	<b>(3 629 716)</b>	<b>6 757 481</b>

##### Reconciliation of provisions - Group 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	3 722 401	183 825	-	-	3 906 226
Performance bonus	2 432 598	1 926 123	-	-729 160	3 629 561
	<b>6 154 999</b>	<b>2 109 948</b>	<b>-</b>	<b>(729 160)</b>	<b>7 535 787</b>

##### Reconciliation of provisions - Municipality 2017

	Opening Balance	Additions	Reversed during the year	Total
Post employment benefit	3 906 226	763 292	-	4 669 518
Performance bonus	3 629 561	2 088 118	(3 629 716)	2 087 963
	<b>7 535 787</b>	<b>2 851 410</b>	<b>(3 629 716)</b>	<b>6 757 481</b>

##### Reconciliation of provisions - Municipality 2016

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Post employment benefit	3 722 401	183 825	-	-	3 906 226
Performance bonus	2 432 598	1 926 123	-	-729 160	3 629 561
	<b>6 154 999</b>	<b>2 109 948</b>	<b>-</b>	<b>(729 160)</b>	<b>7 535 787</b>

#### Performance bonuses

The uncertainties noted for the provision for Performance Bonus are as follows: Performance bonuses are paid one year in arrear as the assessment of eligible employees had not taken place at the reporting date. The provision is calculated at 14% of the current total salary package of Section 57 employees for the 2016/17 financial year, however this is subject to change once the assessments have been finalised.

#### Employee benefit cost provision

The uncertainties noted for the current portion of the long service awards are as follows: The current portion of the long service award was calculated by independent actuaries that have performed a valuation for the long service award provision. Refer to **Note 10** for the assumptions used.

#### 20. Payables from exchange transactions

Trade payables	134 619 675	76 846 991	134 617 854	76 840 437
Amounts received in advance: Water and sanitation	-	14 687	-	14 687
Other payables	45 801 557	34 308 110	45 243 003	33 587 810
Accruals	80 300 215	37 419 080	80 300 215	37 419 080
Accrued service bonus	13 365 928	13 911 209	13 365 928	13 911 209
Retention payable	39 501 542	43 695 226	39 501 542	43 695 226
Consumer debtors with credit balances	17 030 937	9 664 247	17 030 937	9 664 247
Accrued Leave pay	42 674 486	54 612 184	42 062 375	53 944 686
	<b>373 294 339</b>	<b>270 471 734</b>	<b>372 121 853</b>	<b>269 077 382</b>

#### Fair value of trade and other payables

Trading creditors are non-interest bearing and are normally settled on 30-day terms.  
Retentions are non-interest bearing and are settlement in terms of the contract agreement.  
Management policies are in place to ensure that all payables are paid within a reasonable time frame.

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

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	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

Short term payables with no stated interest rate may be measured at the original invoice amount if the effect of discounting is immaterial. The carrying amount of trade payables approximates their fair value due.

#### The movement on the staff leave accrual balances as above for the 2017 financial year was as follows:

##### Accrued leave pay

Opening balance	54 612 184	42 552 900	53 944 686	41 974 866
Plus: contributions during the year	95 948 139	16 573 122	96 003 526	16 483 658
Unused amounts reversed	(107 885 838)	(4 513 838)	(107 885 838)	(4 513 838)
Closing balance	<b>42 674 485</b>	<b>54 612 184</b>	<b>42 062 375</b>	<b>53 944 686</b>

The leave accrual is based on the total number of accrued days at the reporting date. The full amount of the leave liability is recognised as an accrual as the municipality does not have an unconditional right to defer settlement of its leave liabilities and its policies allow leave to be carried forward or paid out without any restrictions. Hence the timing and amount are certain.

#### The movement on the staff leave accrual balances as above for the 2017 financial year was as follows:

##### Accrued service bonus

Opening balance	13 911 209	12 834 608	13 911 209	12 834 608
Additional provision	-	1 076 601	-	1 076 601
Unused amounts reversed	(545 281)	-	(545 281)	-
Closing balance	<b>13 365 928</b>	<b>13 911 209</b>	<b>13 365 928</b>	<b>13 911 209</b>

The accrual calculation is based on the portion of the thirteenth cheque payable that falls due within the current year. The municipality has an obligation to pay a service bonus in terms of its condition of employment.

#### 21. Vat Payable

	45 235	-	-	-
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#### 22. Taxes and transfers payable (non - exchange)

Other payables from non - exchange transactions

	3 146 449	7 392 370	3 146 449	7 392 370
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#### 23. Current tax payable (receivable)

##### South African normal tax

Current tax - South African effective and normal rate (28%)

##### Tax asset/(liability)

Amount paid /(payable) at beginning of the year	291 620	653 431	-	-
Interest earned	11 816	11 538	-	-
Current tax	-	(373 349)	-	-
Less: Paid during the year	(303 436)	-	-	-
	-	<b>291 620</b>	-	-

##### Reconciliation of the Tax Expense

Reconciliation between accounting surplus and tax expense.

South African effective and normal tax rate	28%	28%		
(Loss)/ Profit before Tax	(1 006 067)	568 035	-	-
<b>Tax Effect of adjustment on taxable income</b>				
Permanent Difference	73 128	73 859	-	-
Temporary Difference	(54 272)	149 205	-	-
Tax losses brought forward	(498 742)	(1 289 841)	-	-
Tax losses carried forward	(1 485 953)	(498 742)	-	-

#### 24. Consumer deposits

Water and Sanitation

	2 989 539	2 757 829	2 989 539	2 757 829
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The consumer deposits relate to the water and sanitation function.

The municipality does not have an unconditional right to defer the payment of the consumer deposits.

Deposits are released when an owner of the property terminates the contract with the municipality to supply water to the property.

#### 25. Revenue

## Amathole District Municipality

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Service charges	222 413 354	215 372 315	222 413 354	215 372 315
Rental of facilities and equipment	335 593	984 350	335 593	984 350
Interest earned outstanding receivables	32 914 767	37 408 693	32 914 767	37 408 693
Other income	8 645 913	5 708 079	7 990 855	5 360 950
Interest received - investments	15 760 042	20 450 867	15 566 238	20 393 216
Government grants & subsidies	1 169 079 107	1 369 754 842	1 164 929 622	1 363 418 860
Services in kind	-	-	-	-
Own revenue - VAT other grant	16 168 543	31 590 621	16 168 543	31 590 621
Own revenue - VAT MIG	37 405 389	22 290 260	37 405 389	22 290 260
	<b>1 502 722 707</b>	<b>1 703 560 027</b>	<b>1 497 724 360</b>	<b>1 696 819 265</b>

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

Service charges	222 413 354	215 372 315	222 413 354	215 372 315
Rental of facilities and equipment	335 593	984 350	335 593	984 350
Interest earned outstanding receivables	32 914 767	37 408 693	32 914 767	37 408 693
Other income	8 645 913	5 708 079	7 990 855	5 360 950
Interest received - investments	15 748 224	20 575 202	15 566 238	20 393 216
	<b>280 057 850</b>	<b>280 048 639</b>	<b>279 220 806</b>	<b>279 519 524</b>

#### The amount included in revenue arising from Non exchange of goods or services are as follows:

##### Transfer revenue

Government grants & subsidies	1 169 079 107	1 369 754 842	1 164 929 622	1 363 418 860
Own revenue - VAT other grant	16 168 543	31 590 621	16 168 543	31 590 621
Own revenue - VAT MIG	37 405 389	22 290 260	37 405 389	22 290 260
	<b>1 222 653 039</b>	<b>1 423 635 723</b>	<b>1 218 503 554</b>	<b>1 417 299 741</b>

##### 26. Service charges

Sale of water	151 509 773	142 981 122	151 509 773	142 981 122
Sewerage and sanitation charges	66 458 690	67 860 559	66 458 690	67 860 559
Other service charges	4 444 891	4 530 634	4 444 891	4 530 634
	<b>222 413 354</b>	<b>215 372 315</b>	<b>222 413 354</b>	<b>215 372 315</b>

Service charges are reflected at an amount net of subsidy to indigents amounting to R16 391 630 (2016 : R 17 299 750) for both water and sanitation

##### 27. Rental facilities and equipment

###### Facilities and equipment

Straight lined operating lease receipts	3 256	253 923	3 256	253 923
Other rentals	332 337	730 427	332 337	730 427
	<b>335 593</b>	<b>984 350</b>	<b>335 593</b>	<b>984 350</b>

##### 28. Other income

Admin fees	3 926 521	-	3 926 521	-
Commission	1 125 926	721 331	1 125 926	721 331
Connection fees	181 881	829 635	181 881	829 635
Conservancy fees	1 716 390	1 154 115	1 716 390	1 154 115
Discount received	-	148	-	-
Legal fees recovered	-	5 448	-	5 448
Sundry income	1 651 206	2 908 123	996 148	2 561 142
Bad debts recovered	13 773	3 428	13 773	3 428
RD cheque bank charges recovered	1 667	2 845	1 667	2 845
Emergency tanked water	28 301	82 506	28 301	82 506
Illegal parking fines	250	500	250	500
	<b>8 645 913</b>	<b>5 708 079</b>	<b>7 990 855</b>	<b>5 360 950</b>

##### 29. Interest received

Bank	13 579 411	15 076 044	13 447 167	15 029 931
Financial assets	2 119 071	5 363 285	2 119 071	5 363 285
Interest received - SARS	61 559	11 538	-	-
	<b>15 760 041</b>	<b>20 450 867</b>	<b>15 566 238</b>	<b>20 393 216</b>

##### 30. Grants and subsidies paid

###### Other subsidies

## Amathole District Municipality

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Projects: ASPIRE	6 010 257	16 792 709	-	-
<b>31. Government grants and subsidies</b>				
<b>Operating grants</b>				
Other grant income	5 910 001	7 391 223	-	-
Conditional grants: conditions met - transferred to revenue	5 301 605	6 309 075	5 301 605	6 309 075
Other government grants and subsidies	4 949 758	27 886 921	4 949 758	27 886 921
Levy replacement grant	315 022 025	293 829 900	315 022 025	293 829 900
Equitable share	415 749 975	405 592 994	415 749 975	405 592 994
	<b>746 933 365</b>	<b>741 010 113</b>	<b>741 023 364</b>	<b>733 618 890</b>
<b>Capital grants</b>				
Neighbourhood development grant	239 484	10 256 759	2 000 000	11 312 000
Water Services Infrastructure Grant (WSIG)	111 887 012	81 527 144	111 887 012	81 527 144
Rural bulk infrastructure grant (RBIG)	18 275 245	98 231 095	18 275 245	98 231 095
Municipal infrastructure grant (MIG)	291 744 002	438 729 731	291 744 002	438 729 731
	<b>422 145 742</b>	<b>628 744 729</b>	<b>423 906 258</b>	<b>629 799 970</b>
	<b>1 169 079 107</b>	<b>1 369 754 842</b>	<b>1 164 929 622</b>	<b>1 363 418 860</b>
<b>Conditional and Unconditional</b>				
<b>Unconditional</b>				
<b>Equitable share</b>				
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigent receive a monthly subsidy of which is funded from the grant.				
<b>Equitable share</b>				
Current year receipts	415 749 975	405 592 994	415 749 975	405 592 994
Conditions met - transferred to revenue	(415 749 975)	(405 592 994)	(415 749 975)	(405 592 994)
	-	-	-	-
<b>Levy grant replacement</b>				
Current year receipts	315 022 025	293 829 900	315 022 025	293 829 900
Conditions met - transferred to revenue	(315 022 025)	(293 829 900)	(315 022 025)	(293 829 900)
	-	-	-	-
Regional Services Council levies were abolished during 2006. This grant is used to subsidise the operations of the District Municipality due to the significant change in funding.				
<b>Changes in levels of government grants</b>				
Based on the allocations set out in the Division of Revenue Act, (Act 3 of 2016), no significant changes in the level of government grant funding are expected over the forthcoming three financial years.				
<b>Conditional</b>				
<b>Municipal infrastructure grant (MIG)</b>				
Balance unspent at beginning of year	(192 615)	134 465	(192 615)	134 465
Current year receipts	447 736 000	438 589 000	447 736 000	438 589 000
Conditions met - transferred to revenue	(444 751 586)	(438 916 080)	(444 751 586)	(438 916 080)
	<b>2 791 799</b>	<b>(192 615)</b>	<b>2 791 799</b>	<b>(192 615)</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Regional bulk infrastructure (RBIG)</b>				
Balance unspent at beginning of year	1 275 521	1 428 825	1 275 521	1 428 825
Current year receipts	22 117 845	98 077 791	22 117 845	98 077 791
Conditions met - transferred to revenue	(22 626 565)	(98 231 095)	(22 626 565)	(98 231 095)
	<b>766 801</b>	<b>1 275 521</b>	<b>766 801</b>	<b>1 275 521</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Municipal system improvement grant (MSIG)</b>				
Balance unspent at beginning of year	4 026	179 613	4 026	179 613
Current year receipts	-	940 000	-	940 000
Unspent amount returned to funder	(4 026)	-	(4 026)	-
Conditions met - transferred to revenue	-	(1 115 587)	-	(1 115 587)
	-	<b>4 026</b>	-	<b>4 026</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Expanded public works programme (EPWP)</b>				
Balance unspent at beginning of year	332 403	-	332 403	-

## Amathole District Municipality

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Current year receipts	2 297 000	2 667 000	2 297 000	2 667 000
Conditions met - transferred to revenue	(1 964 597)	(2 334 597)	(1 964 597)	(2 334 597)
Unspent amount returned to funder	(332 403)	-	(332 403)	-
	<b>332 403</b>	<b>332 403</b>	<b>332 403</b>	<b>332 403</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Financial management (FMG)</b>				
Balance unspent at beginning of year	9 229	-	9 229	-
Current year receipts	1 250 000	1 250 000	1 250 000	1 250 000
Condition met - transferred to revenue	(961 089)	(1 240 771)	(961 089)	(1 240 771)
	<b>298 140</b>	<b>9 229</b>	<b>298 140</b>	<b>9 229</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Rural Roads Asset Management Grant (RAMS)</b>				
Balance unspent at beginning of year	60 448	60 155	60 448	60 155
Current year receipts	2 806 000	2 734 000	2 806 000	2 734 000
Conditions met - transferred to revenue	(2 365 851)	(2 733 707)	(2 365 851)	(2 733 707)
	<b>500 597</b>	<b>60 448</b>	<b>500 597</b>	<b>60 448</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Water Services Operating Subsidy Grant</b>				
Balance unspent at beginning of year				
Current year receipts	29 705	10 500 000	29 705	10 500 000
Conditions met - transferred to revenue	-	(10 470 295)	-	(10 470 295)
	<b>29 705</b>	<b>29 705</b>	<b>29 705</b>	<b>29 705</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Municipal Water Infrastructure (WSIG)</b>				
Balance unspent at beginning of year	(677 144)		(677 144)	-
Current year receipts	119 190 000	80 850 000	119 190 000	80 850 000
Conditions met - transferred to revenue	(115 263 479)	(81 527 144)	(115 263 479)	(81 527 144)
	<b>3 249 377</b>	<b>(677 144)</b>	<b>3 249 377</b>	<b>(677 144)</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Neighbourhood Development Partnership Grant (NDPG)</b>				
Balance unspent at beginning of year	10 333 631	9 968 488	-	-
Current year receipts	2 249 091	11 900 578	2 000 000	11 312 000
Conditions met - transferred to revenue	(239 484)	(11 535 435)	(2 000 000)	(11 312 000)
Return of Unspent grant to National Treasury	(10 461 707)	-	-	-
	<b>1 881 531</b>	<b>10 333 631</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Industrial Development Corporation</b>				
Balance unspent at beginning of year	831 146	831 146	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
	<b>831 146</b>	<b>831 146</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				
<b>Department of Rural Development and Agrarian Land Reform</b>				
Balance unspent at beginning of year	405	405	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>DEDEAT/ECDC - Emthonjeni Arts</b>				
Balance unspent at beginning of year	21 275	21 275	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>EC- Adopt a Spot</b>				
Balance unspent at beginning of year	1 554 091	2 010 882	-	-
Current year receipts	3 927 682	3 533 053	-	-
Conditions met - transferred to revenue	(4 486 024)	(3 989 844)	-	-
	<b>995 749</b>	<b>1 554 091</b>	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities ( see note 17)				

## Amathole District Municipality

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
<b>Natural Resources Management</b>				
Balance unspent at beginning of year	825 578	797 494	-	-
Current year receipts	4 077 690	3 110 661	-	-
Conditions met - transferred to revenue	(1 623 691)	(3 082 577)	-	-
	<u>3 279 577</u>	<u>825 578</u>	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>EC -BCM Waste Management</b>				
Balance unspent at beginning of year	754 961	762 737	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	(1 770)	(7 776)	-	-
	<u>753 191</u>	<u>754 961</u>	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>DBSA Drylands fund - Ndakana</b>				
Balance unspent at beginning of year	5 439	5 439	-	-
Current year receipts	-	-	-	-
Conditions met - transferred to revenue	-	-	-	-
	<u>5 439</u>	<u>5 439</u>	-	-
Conditions still to be met - remain liabilities ( see note 17)				
<b>32. Employee related costs</b>				
Employee related costs - Salaries and Wages	381 244 358	369 499 770	372 238 605	356 630 984
Bonus	28 069 224	16 403 692	28 069 224	16 403 692
Medical aid - company contributions	33 719 007	31 605 621	33 719 007	31 605 621
UIF	3 024 861	2 973 642	2 902 709	2 824 693
WCA	3 399 447	3 438 391	3 394 514	3 419 655
Leave pay provision charge	(7 676 041)	35 309 616	(7 926 958)	35 083 378
Contribution: Pension fund	64 775 143	61 604 842	63 959 323	60 838 328
Contribution: Group life	5 060 908	3 047 096	5 060 908	3 047 096
Bargaining council	157 907	151 764	157 907	151 764
Employee benefit contribution	22 145 937	22 153 844	22 145 937	22 153 844
Travel, motor car, accommodation, subsistence and other allowances	33 623 920	27 474 075	33 623 920	27 474 075
Overtime payments	28 323 422	20 763 347	28 323 422	20 763 347
Car allowance	12 600 880	13 213 752	12 600 880	13 213 752
Housing benefits and allowances	2 037 290	4 988 634	2 037 290	4 988 634
Allowance: cellphone	9 692 110	9 078 733	9 692 110	9 078 733
Allowance: shift	2 409 687	2 162 523	2 409 687	2 162 523
Allowance: Standby, Night and Sunday	11 946 357	12 683 523	11 946 357	12 683 523
Allowance: Dirt	640	4 622	640	4 622
	<u>634 555 057</u>	<u>636 557 487</u>	<u>624 355 482</u>	<u>622 528 264</u>
<b>Amounts expensed in respect of retirement benefit plans</b>				
Defined contribution funds	94 723 562	91 501 849	94 723 562	91 501 849
Defined benefits funds	2 780 658	2 495 779	2 780 658	2 495 779
	<u>97 504 219</u>	<u>93 997 628</u>	<u>97 504 219</u>	<u>93 997 628</u>
<b>Remuneration of Municipal Manager</b>				
Annual Remuneration	1 867 499	1 745 415	1 867 499	1 745 415
Performance bonuses	120 617	180 926	120 617	180 926
Contribution to UIF, Medical and Pension Funds	18 324	20 401	18 324	20 401
Leave encashment	-	170 232	-	170 232
Cellphone allowance	55 616	60 672	55 616	60 672
Travel allowance	176 000	196 000	176 000	196 000
Back pay of remuneration	-	-	-	-
	<u>2 238 056</u>	<u>2 373 646</u>	<u>2 238 056</u>	<u>2 373 646</u>
The new Municipal Manager was appointed on the 1st of June 2017 .The gross earnings for the month of June 2017 amounts to R148 385				
<b>Remuneration of Chief Financial Officer</b>				
Annual Remuneration	-	483 332	-	483 332
Performance bonuses	-	100 694	-	100 694
Contribution to UIF, Medical and Pension Funds	-	292 503	-	292 503
Leave encashment	-	-	-	-
Cellphone allowance	-	28 716	-	28 716

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Travel allowance	-	124 642	-	124 642
Back pay of remuneration	-	41 505	-	41 505
Housing allowance	-	53 886	-	53 886
	-	<b>1 125 278</b>	-	<b>1 125 278</b>

The Chief Financial Officer was medically boarded with effect 1 June 2016

Acting CFO was appointed and paid the acting allowances:

Ms S Kieck was paid an acting allowance amounting to R105 603

Mr C Bhana was paid an acting allowance amounting to R20 391

#### Remuneration of Chief Financial Officer

Remuneration	278 226	-	278 226	-
Contribution to UIF, Medical and Pension Funds	34 408	-	34 408	-
Cell phone allowance	14 358	-	14 358	-
Travel allowance	45 000	-	45 000	-
	<b>371 992</b>		<b>371 992</b>	

The new Chief Financial Officer was appointed from 1 April 2017

#### Remuneration of the Director :Engineering

Annual Remuneration	915 890	867 365	915 890	867 365
Performance bonuses	100 694	117 477	100 694	117 477
Contribution to UIF, Medical and Pension Funds	201 785	200 645	201 785	200 645
Leave encashment	-	-	-	-
Cellphone allowance	61 050	57 432	61 050	57 432
Travel allowance	222 000	216 000	222 000	216 000
Back pay of remuneration	-	41 508	-	41 508
Housing allowance	176 772	356 353	176 772	356 353
	<b>1 678 191</b>	<b>1 856 780</b>	<b>1 678 191</b>	<b>1 856 780</b>

#### Remuneration of the Director :Strategic Management

Annual Remuneration	1 187 895	1 140 988	1 187 895	1 140 988
Performance bonuses	83 912	117 477	83 912	117 477
Contribution to UIF, Medical and Pension Funds	250 475	235 832	250 475	235 832
Leave encashment	-	-	-	-
Cellphone allowance	57 432	57 432	57 432	57 432
Travel allowance	198 000	264 000	198 000	264 000
Back pay of remuneration	66 000	40 988	66 000	40 988
Acting allowance	13 803	13 803	13 803	13 803
Housing allowance	-	-	-	-
	<b>1 857 517</b>	<b>1 870 520</b>	<b>1 857 517</b>	<b>1 870 520</b>

#### Remuneration of the Director : Corporate services

Annual Remuneration	1 118 212	1 076 681	1 118 212	1 076 681
Performance Bonuses	134 259	117 477	134 259	117 477
Contribution to UIF, Medical and Pension Funds	233 316	226 550	233 316	226 550
Leave Encashment	-	64 597	-	64 597
Cellphone Allowance	57 432	57 432	57 432	57 432
Travel Allowance	332 627	415 775	332 627	415 775
Back pay of Remuneration	-	41 509	-	41 509
Acting Allowance	9 969	9 969	9 969	9 969
	<b>1 885 815</b>	<b>2 009 990</b>	<b>1 885 815</b>	<b>2 009 990</b>

#### Remuneration of the Director: Community Services

Annual Remuneration	1 142 187	1 094 661	1 142 187	1 094 661
Performance bonuses	107 687	107 687	107 687	107 687
Contribution to UIF, Medical and Pension Funds	260 921	250 079	260 921	250 079
Leave encashment	-	109 816	-	109 816
Cellphone allowance	57 432	57 432	57 432	57 432
Travel, motor car, accommodation, subsistence and other allowance	277 617	297 473	277 617	297 473
Back pay of remuneration	-	38 629	-	38 629
	<b>1 845 844</b>	<b>1 955 777</b>	<b>1 845 844</b>	<b>1 955 777</b>

#### Remuneration of the Director : Legislative Executive Services

Annual Remuneration	1 386 232	1 337 254	1 386 232	1 337 254
Performance bonuses	151 042	100 694	151 042	100 694
Contribution to UIF, Medical and Pension Funds	76 602	35 162	76 602	35 162
Cell phone allowance	52 646	57 432	52 646	57 432
Travel allowance	260 004	261 072	260 004	261 072

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Back pay of remuneration	-	48 981	-	48 981
	<b>1 926 526</b>	<b>1 840 595</b>	<b>1 926 526</b>	<b>1 840 595</b>
<b>Remuneration of the Director: Land, Human Settlements and Economic Development</b>				
Remuneration	901 983	1 337 254	901 983	1 337 254
Performance bonuses	83 912	100 694	83 912	100 694
Contribution to UIF, Medical and Pension Funds	211 248	35 162	211 248	35 162
Cell phone allowance	66 238	57 432	66 238	57 432
Travel allowance	252 000	261 072	252 000	261 072
Back pay of remuneration	-	48 981	-	48 981
Housing allowance	73 755	-	73 755	-
	<b>1 589 136</b>	<b>1 840 595</b>	<b>1 589 136</b>	<b>1 840 595</b>
<b>Remuneration of Chief Executive Officer</b>				
Annual Remuneration- Klaas N	298 790	-	-	-
Relocation allowances- Klaas N	135 750	-	-	-
Contribution to UIF, Medical and Pension Funds- Klaas N	32 499	-	-	-
Lump sum settlement- Mnqeta N	-	2 697 176	-	-
Contribution to UIF, Medical and Pension Funds- Mnqeta N	-	7 307	-	-
	<b>467 039</b>	<b>2 704 483</b>	-	-
<b>Remuneration of the Executive Manager Operations : Shenxane T V- Resigned 31 December 2016</b>				
Annual Remuneration	724 125	1 317 039	-	-
Acting allowance	179 295	83 658	-	-
Contribution to UIF, Medical and Pension Funds	23 031	40 347	-	-
	<b>926 451</b>	<b>1 441 044</b>	-	-
<b>Remuneration of Company Secretary : Kiviet Z - Resigned 31 December 2016</b>				
Annual Remuneration	419 382	989 656	-	-
Contributions to UIF, medical and provident funds	11 489	30 553	-	-
	<b>430 871</b>	<b>1 020 209</b>	-	-
<b>Remuneration of the Executive Manager of Corporate Services : Weppelman S</b>				
Annual Remuneration	981 696	905 806	-	-
Contribution to UIF, Medical and Pension Funds	124 974	113 445	-	-
	<b>1 106 670</b>	<b>1 019 251</b>	-	-
<b>Remuneration of the Chief Financial Officer</b>				
Annual Remuneration- Fokazi L	1 036 164	-	-	-
Contribution to UIF, Medical and Pension Funds- Fokazi L	30 604	-	-	-
Annual Remuneration- Kweleta S (Acting)	-	317 088	-	-
Annual Allowance- Kweleta S (Acting)	-	62 087	-	-
	<b>1 066 768</b>	<b>379 175</b>	-	-
<b>Remuneration of the Acting Chief Executive Officer: Hanabe L</b>				
<b>Other</b>	-	<b>321 853</b>	-	-
Car Allowance	-	77 087	-	-
	-	<b>398 940</b>	-	-
<b>33. Remuneration of councillors</b>				
Non Executive board members	748 763	959 526	-	-
Councillors 2017: (37) 2016 : (37)	12 666 569	13 680 053	12 666 569	13 680 053
Councillors allowance	1 761 777	450 097	1 761 777	450 097
	<b>15 177 109</b>	<b>15 089 676</b>	<b>14 428 346</b>	<b>14 130 150</b>
<b>In - kind benefits</b>				
The Executive Mayor, Speaker and Mayoral Committee Members are full- time. Each is provided with an office and secretarial support at the cost of the Council				
The Executive Mayor has use of Council owned vehicle for official duties.				
The Executive Mayor has two full -time body guards				
The salary allowances and benefits of the political office - bearers are within the upper limits of the framework prescribed by Sec 219 of Constitution.				
<b>Executive Mayor: NH Konza</b>				
Salary	179 181	333 172	179 181	333 172
Cell phone Allowances	5 217	15 651	5 217	15 651
Travel Allowance	4 108	109 231	4 108	109 231



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Housing Allowance	32 258	225 000	32 258	225 000
3G Allowance	900	2 700	900	2 700
Back pay	-	-	-	-
	<b>221 664</b>	<b>685 754</b>	<b>221 664</b>	<b>685 754</b>
<b>Speaker: S. Janda</b>				
Salary	95 929	232 418	95 929	232 418
Cell phone Allowances	3 983	15 651	3 983	15 651
Travel Allowance	-	-	-	-
Housing Allowance	43 226	301 500	43 226	301 500
3G Allowance	687	2 700	687	2 700
Back pay	-	-	-	-
	<b>143 825</b>	<b>552 269</b>	<b>143 825</b>	<b>552 269</b>
<b>Cllr Jacobs</b>				
Salary	500 232	502 805	500 232	502 805
Cell phone Allowances	22 478	20 868	22 478	20 868
Travel Allowance	166 745	167 603	166 745	167 603
3G Allowance	3 600	3 600	3 600	3 600
Back pay	-	21 027	-	21 027
	<b>693 055</b>	<b>715 903</b>	<b>693 055</b>	<b>715 903</b>
<b>Cllr EB Madikane</b>				
Salary	55 761	502 805	55 761	502 805
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	18 587	167 603	18 587	167 603
Housing Allowance	-	-	-	-
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>715 903</b>	<b>76 979</b>	<b>715 903</b>
<b>Cllr SB Mtintsilana</b>				
Salary	74 348	546 019	74 348	546 019
Cell phone Allowances	2 244	21 449	2 244	21 449
Travel Allowance	-	128 681	-	128 681
3G Allowance	387	3 600	387	3 600
Back pay	-	33 908	-	33 908
	<b>76 979</b>	<b>733 657</b>	<b>76 979</b>	<b>733 657</b>
<b>Cllr. B Melitafa</b>				
Salary	33 057	286 405	33 057	286 405
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	9 032	84 000	9 032	84 000
Housing Allowance	32 258	300 000	32 258	300 000
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>715 900</b>	<b>76 979</b>	<b>715 900</b>
<b>Cllr. M Memani</b>				
Salary	55 761	502 805	55 761	502 805
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	18 587	167 603	18 587	167 603
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>715 903</b>	<b>76 979</b>	<b>715 903</b>
<b>Cllr. P Finca</b>				
Salary	55 761	458 268	55 761	458 268
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	18 587	167 603	18 587	167 603
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>671 366</b>	<b>76 979</b>	<b>671 366</b>
<b>Cllr. S Genu</b>				
Salary	36 928	322 404	36 928	322 404
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	11 613	108 000	11 613	108 000
Housing Allowance	25 806	240 000	25 806	240 000
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>715 899</b>	<b>76 979</b>	<b>715 899</b>

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

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	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
<b>Cllr. M Bikitsha</b>				
Salary	26 606	226 404	26 606	226 404
Cell phone Allowances	2 244	20 868	2 244	20 868
Travel Allowance	7 742	72 000	7 742	72 000
Housing Allowance	40 000	372 000	40 000	372 000
3G Allowance	387	3 600	387	3 600
Back pay	-	21 027	-	21 027
	<b>76 979</b>	<b>715 899</b>	<b>76 979</b>	<b>715 899</b>
<b>Cllr. N Mgidlana</b>				
Salary	501 420	502 805	501 420	502 805
Cell phone Allowances	22 478	20 868	22 478	20 868
Housing Allowance	22 695	167 603	22 695	167 603
3G Allowance	3 600	3 600	3 600	3 600
Contributions to UIF, Medical and Pension Funds	46 800	21 027	46 800	21 027
	<b>596 993</b>	<b>715 903</b>	<b>596 993</b>	<b>715 903</b>
<b>Cllr. Nyalambisa</b>				
Salary	59 878	375 414	59 878	375 414
Cell phone Allowances	3 113	15 651	3 113	15 651
Travel Allowance	18 587	125 139	18 587	125 139
3G Allowance	387	2 700	387	2 700
	<b>81 965</b>	<b>518 904</b>	<b>81 965</b>	<b>518 904</b>
<b>Cllr. SM Zuka</b>				
Salary	644 280	502 805	644 280	502 805
Cell phone Allowances	22 478	20 868	22 478	20 868
Travel Allowance	22 696	167 603	22 696	167 603
3G Allowance	3 600	3 600	3 600	3 600
Back pay	-	21 027	-	21 027
	<b>693 054</b>	<b>715 903</b>	<b>693 054</b>	<b>715 903</b>
<b>Cllr. B.M Ganjana</b>				
Salary	576 194	-	576 194	-
Cell phone Allowances	19 000	-	19 000	-
3G Allowance	3 000	-	3 000	-
	<b>598 194</b>	-	<b>598 194</b>	-
<b>Cllr. M.M Namba</b>				
Salary	576 193	-	576 193	-
Cell phone Allowances	19 000	-	19 000	-
3G Allowance	3 000	-	3 000	-
	<b>598 193</b>	-	<b>598 193</b>	-
<b>Cllr. N.W Kabane</b>				
Salary	496 515	-	496 515	-
Cell phone Allowances	22 478	-	22 478	-
Travel Allowance	87 719	-	87 719	-
3G Allowance	2 700	-	2 700	-
Contribution to UIF, Medical and Pension Funds	70 008	-	70 008	-
	<b>679 420</b>	-	<b>679 420</b>	-
<b>Cllr. N.W Tekile</b>				
Salary	576 193	-	576 193	-
Cell phone Allowances	19 000	-	19 000	-
Travel Allowance	6 344	-	6 344	-
3G Allowance	3 000	-	3 000	-
	<b>604 537</b>	-	<b>604 537</b>	-
<b>Cllr. N.A Bonga</b>				
Salary	576 193	-	576 193	-
Cell phone Allowances	19 000	-	19 000	-
3G Allowance	3 000	-	3 000	-
	<b>598 193</b>	-	<b>598 193</b>	-
<b>Cllr. N Plaatjie</b>				
Salary	580 178	-	580 178	-
Cell phone Allowances	20 122	-	20 122	-
3G Allowance	4 328	-	4 328	-
	<b>604 628</b>	-	<b>604 628</b>	-

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
The Executive Mayor, Speaker and Mayoral committee members and councillors were replaced during the current year due to Municipality's elections held in August 2016.				
<b>Agency's Directors' remuneration: Non - Executive</b>				
<b>Board Members</b>				
Loyilane P (Chairperson resigned 30 June 2016)	-	78 235	-	-
Mbende NE ( Chairperson appointed September 2016)	185 700	152 155	-	-
July MM (Deputy Chairperson)	126 377	152 863	-	-
Buswana T	86 000	92 551	-	-
Mushohwe F	139 500	54 500	-	-
Mosehana MM	63 533	54 370	-	-
Nkwentsha TW	81 150	48 360	-	-
Qunta AT	66 500	40 500	-	-
Metuse M ( Resigned 30 June 2016)	-	48 000	-	-
Sipuka O (Interim Board member to December 2015)	-	30 950	-	-
Mana M (Interim board member to December 2015)	-	92 291	-	-
	<b>748 760</b>	<b>844 775</b>	-	-
<b>34. Depreciation and amortisation</b>				
Property, plant and equipment	124 260 805	100 023 848	124 105 497	99 839 950
Property, plant and equipment	117 120 216	99 266 790	116 972 919	99 094 937
Intangible assets	6 782 976	392 775	6 774 965	380 730
Investment property	357 613	364 283	357 613	364 283
	<b>124 260 805</b>	<b>100 023 848</b>	<b>124 105 497</b>	<b>99 839 950</b>
<b>35. Finance costs</b>				
Total finance costs	22 480 253	42 260 635	22 407 125	42 186 776
Finance leases	267 128	349 363	267 128	349 363
Employee benefit obligation	22 778 004	19 473 144	22 778 004	19 473 144
VAT interest	-	29 131	-	29 131
Interest overdue accounts	120 050	109 348	46 922	35 489
interest expense - external borrowings	(684 928)	22 299 649	(684 928)	22 299 649
	<b>22 480 253</b>	<b>42 260 635</b>	<b>22 407 125</b>	<b>42 186 776</b>
<b>36. Debt impairment</b>				
Contributions to debt impairment provision	128 945 383	162 127 101	128 945 383	162 127 101
Staff debt	-	12 248	-	-
Blueberry project debtor	-	390 981	-	-
	<b>128 945 383</b>	<b>162 530 330</b>	<b>128 945 383</b>	<b>162 127 101</b>
The Blueberry project debtor is VAT input on project expenses denied by SARS and could not be recovered from Rural Development and it thus written off on 30 June 2016 per Board resolution. Refer to note 13 included in receivables from exchange transaction.				
<b>37. Bulk purchases</b>				
Water	91 620 498	89 173 581	91 620 498	89 173 581
<b>38. Contracted services</b>				
<b>Contractual amounts</b>				
Office equipment	(1 131 459)	901 812	(1 173 558)	819 095
Accommodation	38 931 581	33 141 276	38 274 800	32 357 043
	<b>37 800 122</b>	<b>34 043 088</b>	<b>37 101 242</b>	<b>33 176 138</b>
<b>39. General expense</b>				
Administration costs	1 003 634	3 126 233	1 003 634	3 126 233
Advertising and Communication	1 136 579	1 624 044	1 103 789	1 591 622
Communication	-	-	-	-
Marketing	-	-	-	-
Amathole Economic Development Agency	-	-	12 521 350	18 521 350
Annual event	-	584 816	-	584 816
Audit committee	169 500	782 250	76 500	782 250
Audit fees	4 167 664	3 953 469	3 577 555	3 229 105
Bank Charges	680 387	300 661	641 838	255 712
Books and Publications	-	221 160	-	221 160

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Chemicals	9 511 892	12 455 837	9 511 892	12 455 837
Bursary for rare skills	-	(19 321)	-	(19 321)
Cleaning material	423 054	136 597	414 500	115 000
Community Based Organisation	6 561 209	15 203 383	6 561 209	15 203 383
Campaigns and promotions	-	1 793 508	-	1 777 043
Conditional grant expenditure	167 687 379	32 818 792	169 687 379	44 130 792
Conference expenses	748 724	446 126	748 724	446 126
Legal fees and Litigation	1 479 791	2 714 706	1 479 791	2 714 706
Photographs	3 908	-	3 908	-
Consultants	29 110 968	17 843 511	28 453 987	17 454 795
Consumables	202 639	551 444	202 639	548 059
Database expenditure	182 678	466 380	182 678	466 380
Delegated management	-	549 147	-	549 147
Disposal of the dead	15 200	50 088	15 200	50 088
Municipal Utilities	42 221 037	27 818 334	42 221 037	27 818 334
Emergency provisions (dm)	2 148 541	306 332	2 148 541	306 332
Employee welfare	288 819	2 944 470	253 183	2 919 246
Entertainment expenses	27 647	1 355 845	27 647	1 351 069
Food control	-	11 800	-	11 800
Fumigation	-	34 800	-	34 800
Grants in aid	-	688 241	-	688 241
Gifts	-	1 524 516	-	1 524 516
Hiring costs	1 463 732	4 707 693	1 463 732	4 707 693
Housing inventory	(64 503)	17 370	(64 503)	17 370
IGR Learnership and programmes	-	111 735	-	111 735
Internally funded project expenditure	-	427 014	-	427 014
International programmes	-	813	-	813
Insurance Premium Cost	3 298 209	1 389 084	3 140 096	1 299 216
Licenses and subscriptions	841 241	469 045	818 609	441 205
Live stock improvements	-	2 385 607	-	2 385 607
Membership fees	6 984 124	6 479 036	6 984 124	6 479 036
Storage of Files	46 695	-	46 695	-
Pit latrine clearance	-	795 065	-	795 065
Postage and courier	1 904 397	2 272 479	1 903 211	2 268 907
Printing and stationery	903 534	2 063 724	842 488	1 959 559
Protective clothing and uniforms	3 997 107	2 755 965	3 997 107	2 755 965
Refreshments and Catering	1 292 333	7 363 246	1 292 333	7 363 246
Telephone and data expenses	9 682 460	4 984 506	9 440 822	4 712 693
Rentals: VPN lines	-	-	-	-
Recruitment expenditure	185 643	295 777	4 609	227 355
Sampling and testing	1 418 608	987 538	1 418 608	987 538
Security services	26 618 570	24 807 721	26 598 384	24 786 821
Skills Development Levy	4 674 370	4 749 799	4 674 370	4 749 799
Software and computer expenditure	8 783 467	9 981 043	8 646 378	9 939 824
Solid waste site eastern region costs	1 338 461	1 984 193	1 338 461	1 984 193
Special programmes	21 131 049	21 200 992	21 131 049	21 200 992
Stores and materials	-	2 543	-	2 543
Subsistence and Travel	7 635 303	13 940 637	7 385 047	13 586 916
Tools	-	57 182	-	57 182
Training and workshops	51 478	2 167 073	-	1 974 551
Transport and freight	9 007 258	17 192 310	9 007 258	17 192 310
Water research levy	-	1 424 250	-	1 424 250
Project management	-	67 460	-	-
Electricity, Water and refuse	58 330	47 251	-	-
	<b>379 023 117</b>	<b>265 415 320</b>	<b>390 905 860</b>	<b>292 698 019</b>

The comparative figures have been restated due to the reclassification of legal costs to general expenditure instead of collection costs by R2 714 706

#### 40. Auditors' remuneration

Fees paid	4 167 664	3 953 469	3 577 555	3 229 105
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#### 41. Cash generated from operations

Surplus	53 441 012	282 188 334	54 447 079	305 242 626
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#### Adjustments for:

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
Depreciation and amortisation	124 260 805	100 218 318	124 105 497	99 839 950
Gain (loss) on sale of asset and liabilities	5 326 141	9 212 426	5 326 141	9 215 107
Finance costs	22 778 004	7 086 607	22 778 004	7 086 607
Debt impairment	128 945 383	162 127 101	128 945 383	162 127 101
Movement in operating lease assets and accruals	26 435	-	-	-
Movement in retirement benefit assets and liabilities	24 356 791	25 557 697	24 356 791	25 557 697
Movement in provision	778 306	1 380 788	778 306	1 380 788
Actuarial gain and loss defined benefit	(17 577 099)	(15 885 466)	(17 577 099)	(15 885 466)
Movement in tax receivable and payable	291 620	361 811	-	-
<b>Changes in working capital:</b>				
Inventories	112 979	(1 545 752)	112 979	(1 545 752)
Receivables from exchange transactions	(10 163 254)	42 465 468	(10 177 813)	19 145 028
Consumer debtors	(128 945 383)	(162 127 101)	(128 945 383)	(162 127 101)
Other receivables from non-exchange transactions	(1 829 485)	11 362 413	(1 829 485)	10 866 743
Payables from exchange transactions	94 977 895	(79 777 171)	95 199 760	(77 450 309)
VAT	(1 054 219)	62 508 222	(1 283 616)	61 835 841
Taxes and transfers payable (non exchange)	(4 245 921)	7 392 370	(4 245 921)	7 392 370
Unspent conditional grants and receipts	2 328 931	(2 164 542)	8 887 261	(3 325 114)
	<b>293 808 943</b>	<b>450 361 523</b>	<b>300 877 886</b>	<b>449 356 116</b>

#### 42. Financial instruments disclosure

##### Categories of financial instruments

##### Group - 2017

##### Financial assets

	At amortised cost	Total
Non - current receivables	1 710 906	1 710 906
Trade and other receivables from exchange transactions	68 856 996	68 856 996
Other receivables from non-exchange transactions	11 238 185	11 238 185
Cash and cash equivalents	176 785 861	176 785 861
	<b>258 591 947</b>	<b>258 591 947</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	373 294 339	373 294 339
Interest bearing borrowing; DBSA	-	-
	<b>373 294 339</b>	<b>373 294 339</b>

##### Group - 2016

##### Financial assets

	At amortised cost	Total
Non - current receivables	1 712 595	1 712 595
Trade and other receivables from exchange transactions	58 679 182	58 679 182
Other receivables from non-exchange transactions	9 423 249	9 423 249
Cash and cash equivalents	147 675 208	147 675 208
	<b>217 490 234</b>	<b>217 490 234</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	270 471 734	270 471 734
Interest Bearing Borrowing : DBSA	132 684 268	132 684 268
	<b>403 156 002</b>	<b>403 156 002</b>

##### Municipality - 2017

##### Financial assets

	At amortised cost	Total
Non - current receivables	-	-
Current portion of non current receivables	1 710 906	1 710 906
Trade and other receivables from exchange transactions	68 856 996	68 856 996
Other receivables from non-exchange transactions	11 103 477	11 103 477
Cash and cash equivalents	167 557 250	167 557 250
	<b>249 228 628</b>	<b>249 228 628</b>

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			372 121 853	372 121 853
			<b>372 121 853</b>	<b>372 121 853</b>
<b>Municipality - 2016</b>			<b>At amortised cost</b>	<b>Total</b>
<b>Financial assets</b>				
Non - current receivables			1 712 595	1 712 595
Trade and other receivables from exchange transactions			9 273 992	9 273 992
Other receivables from non-exchange transactions			58 679 182	58 679 182
Cash and cash equivalents			131 364 632	131 364 632
			<b>201 030 401</b>	<b>201 030 401</b>
<b>Financial liabilities</b>			<b>At amortised cost</b>	<b>Total</b>
Trade and other payables from exchange transactions			269 077 382	269 077 382
Interest Bearing Borrowing : DBSA			132 684 268	132 684 268
			<b>401 761 650</b>	<b>401 761 650</b>

#### 43. Commitments

##### Authorised capital expenditure

##### Already contracted for but not provided for

• Infrastructure	662 446 271	686 162 817	662 446 271	686 162 817
• Community	39 643 425	22 717 081	39 643 425	20 693 844
• Other - Land and Buildings	8 136 845	3 271 801	8 136 845	3 271 801
	<b>710 226 541</b>	<b>712 151 699</b>	<b>710 226 541</b>	<b>710 128 462</b>

##### This expenditure will be financed from

• Government Grants	627 017 541	637 122 867	627 017 541	635 099 630
• Own Resources	83 209 000	75 028 832	83 209 000	75 028 832
	<b>710 226 541</b>	<b>712 151 699</b>	<b>710 226 541</b>	<b>710 128 462</b>

##### Operating leases - as lessee (expense)

##### Minimum lease payments due

- within one year	16 001 043	37 828 027	15 568 057	37 536 577
- in second to fifth year inclusive	2 525 752	14 643 499	2 525 752	14 643 499
	<b>18 526 795</b>	<b>52 471 526</b>	<b>18 093 809</b>	<b>52 180 076</b>

Operating lease payments represent rentals payable by the Municipality for certain of its office properties and equipment. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

##### Operating leases - as lessor (income)

##### Minimum lease payments due

- within one year	299 096	178 047	299 096	178 047
- in second to fifth year inclusive	418 234	388 538	418 234	388 538
- later than five years	-	28 608	-	28 608
	<b>717 331</b>	<b>595 193</b>	<b>717 331</b>	<b>595 193</b>

Operating Leases consists of the following:

Operating lease payments represent rentals receivable by the Municipality for certain of its properties situated in Stutterheim, Komga, Cathcart, Adelaide and Macleantown.

No contingent rent is payable.

Leases are negotiated for an average of 5 years and rentals escalate by an average of 10% annually.

#### 44. Contingencies

##### Contingent liabilities

##### Legal claims

Five legal claims submitted to the legal department of the municipality are in the process of being resolved. The estimated liability of such claims, should the claimant be successful is disclosed.

The timing of the legal proceedings regulating the claims is uncertain.

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
Legal disputes relate to:				
<b>Compensation for goods delivered by suppliers</b>				
The municipality is disputing claims by suppliers for goods delivered	100 572 968	100 572 968	100 572 968	100 572 968
The municipality has been sued in respect of a vehicle that was taken to the complainant to be repaired by Nkonkobe Local Municipality years ago and was never collected. There is uncertainty as to who actually owns the vehicle in question. The municipality is being sued for storage fees. Default judgement was granted against ADM and a Warrant of Execution was issued.	19 094	19 094	19 094	19 094
<b>Compensation for work performed by a contractor</b>	<b>1 323 586</b>	<b>1 323 586</b>	<b>1 323 586</b>	<b>1 323 586</b>
The claim is in respect of services rendered in the amount of R 1 323 586. The entity performed poorly but were nonetheless paid proportionately in terms of the agreement. Exceptions have been raised . The matter is not progressing.				
<b>Non payment of the balance of the contract price</b>	<b>337 704</b>	<b>-</b>	<b>337 704</b>	<b>-</b>
The service provider has instituted an action for payment of the balance of the contract price. The Municipality is defending the claim. The matter is pending.				
<b>Labour Dispute</b>				
Further Fees	152 000	100 000	-	-
Employee's claim	78 496	220 080	-	-
	230 496	320 080	-	-
<b>Total contingent liabilities</b>	<b>102 483 848</b>	<b>102 235 728</b>	<b>102 253 352</b>	<b>101 915 648</b>
<b>Contingent Asset</b>				
<b>Non -performance on a contract</b>	<b>500 595</b>	<b>500 595</b>	<b>500 595</b>	<b>500 595</b>
The municipality has instituted legal action against a contractor and its surety. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceeding regulating the above is uncertain.				
<b>Compensation for work performed by contractor</b>	<b>3 310 894</b>	<b>3 310 894</b>	<b>3 310 894</b>	<b>3 310 894</b>
The municipality has been settled the payment of outstanding amounts claimed in relation to the construction of RDP houses. The municipality expects the recovery of the amounts construction of RDP houses. The municipality expects the recovery of the amounts from the Eastern Cape Department of Human Settlements.				
<b>Cancellation of contract</b>	<b>1 400 000</b>	<b>-</b>	<b>1 400 000</b>	<b>-</b>
Court application being launched to cancel portion of contract relating to TLB.Service provider has undertaken to provide				
<b>Contract dispute</b>	<b>222 576</b>	<b>-</b>	<b>222 576</b>	<b>-</b>
Service provider brought application to compel ADM to go to arbitration on disputed contract. ADM brought application to set aside contract.				
<b>Fraudulent fuel purchase</b>	<b>125 091</b>	<b>-</b>	<b>125 091</b>	<b>-</b>
Claim for fraudulent fuel purchases				
<b>Tender award for new ADM offices</b>	<b>225 840</b>	<b>-</b>	<b>225 840</b>	<b>-</b>
Interdict to set aside tender award for new ADM offices				
<b>Breach of contract</b>	<b>1 198 370</b>	<b>1 198 370</b>	<b>1 198 370</b>	<b>1 198 370</b>
The municipality instituted legal action against a contractor for damages related to breach of contract as a result of the contractors abandonment of the project. The municipality and its lawyers are of the opinion that the litigation is likely to be in the municipality's favour. The timing of the legal proceedings regulating the above is uncertain.				

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
	R	Restated R	R	Restated R
<b>Claims for RSC levies and Water and Sanitation</b>				
	73 513	73 513	73513	73 513
	10 527	10 527	10527	10 527
	-	25 688	-	25 688
	-	40 748	-	40 748
	35 169	35 169	35169	35 169
	85 563	85 563	85563	85 563
	15 627	-	15627	-
	13 121	-	13121	-
	100 828	-	100 828	-
	72 804	-	72 804	-
	<b>233 520</b>	<b>271 208</b>	<b>407 152</b>	<b>271 208</b>
	7 390 518	5 281 067	7 390 518	5 281 067
<b>Total contingent assets</b>	<b>7 390 518</b>	<b>5 281 067</b>	<b>7 390 518</b>	<b>5 281 067</b>

#### 45. Related parties

##### Relationships

Controlled entities Refer to note 7

##### Related party transactions

##### Shared internal audit services

General Manager	-	-	-	20 122
Senior Manager	-	-	-	25 230
Internal Audit Manager	-	-	-	21 721

##### Fees paid to Audit Committee Members

L. Smith	-	-	35 250	48 750
M. Sibam	-	-	27 000	38 250
P. Zitumane	-	-	30 750	27 750

##### Acting Allowance paid to ( received from ) personnel seconded to ASPIRE from February to June

L. Hanabe ( Acting CEO )	-	-	-	398 940
S. Kweleta ( Acting CFO )	-	-	-	379 175

##### Administration fees paid to (received from) related parties

Amathole Economic Development Agency (ASPIRE)	-	-	14 274 339	21 114 339
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##### Neighbourhood Development Programme Grant

NDPG	-	-	2 280 000	11 312 000
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##### Co-operative Development Centre

Operational funds

The Amathole Economic Development Agency was established 1 September 2005

Place of Incorporation: South Africa

Principal Activity: To promote local economic development in the Amathole Municipal District Area.

##### Key management information

Refer to Note 32

#### 46. Prior period errors

##### Receivables from exchange transactions

On 1 July 2006 the municipality assumed responsibility for the provision of water and sanitation services as required by Government Notice 849 issued in terms of section 84(3)(a) of the Municipal Structures Act, 1998 (Act No. 117 of 1998). The municipality is continually checking the accuracy of its debtors database. During previous years, consumer accounts taken over from the local municipalities were incorrect. Hence revenue was incorrectly recognised. The error was corrected in the current financial year and was adjusted retrospectively by an amount R16 256 604. Refer to note 12.

##### Investment Property

Due to the requirements imposed by National Treasury for all municipalities to be mSCOA compliant, the ADM implemented a new financial system and chart of accounts.

During the current year the ADM thus migrated data from its existing legacy system (Venus) to the new financial system (SAP/ADMaC).



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### Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2017	2016	2017	2016
	Restated		Restated
R	R	R	R

During this migration of data, the Investment Property cost was decreased by R337 200 and accumulated depreciation was increased by R2 153 845 in order to align the opening balance on ADMaC system with the audited asset register for the 2015/16 financial period. The audited Investment Property Asset Register for the financial year 2015/16 was used as the baseline during migration of data from Venus onto ADMaC with the above differences being identified. This error was corrected in the current year and adjusted retrospectively. The Investment Property was decreased retrospectively by an amount of R2 491 045.

Refer to note 3.

#### Property plant and Equipment

Due to the requirements imposed by National Treasury for all municipalities to be mSCOA compliant, the ADM implemented a new financial system and chart of accounts.

During the current year the ADM thus migrated data from its existing legacy system (Venus) to the new financial system (SAP/ADMaC).

#### Buildings

During this migration of data, the buildings cost was decreased by R2 915 930 and accumulated depreciation was decreased by R2 479 046 in order to align the opening balance on ADMaC system with the audited asset register for the 2015/16 financial period. The audited Building register for the financial year 2015/16 was used as the baseline during migration of data from Venus onto ADMaC with the above differences being identified.

This error was corrected in the current year and adjusted retrospectively. The Investment Property was decreased retrospectively by an amount of R436 884.

Refer to note 4.

#### Infrastructure

During this migration of data, the infrastructure cost was increased by R52 133 990 and accumulated depreciation was increased by R73 723 076 in order to align the opening balance on ADMaC system with the audited assets register for the 2015/16 financial period. The audited infrastructure register for the financial year 2015/16 was used as the baseline during migration on data from Venus onto ADMaC with above differences being identified.

This error was corrected in the current year and adjusted retrospectively. The Infrastructure was decreased retrospectively by an amount of R25 176 538.

Refer to note 4.

#### Community Assets

During this migration of data, the community assets cost was increased by R2 137 806 and accumulated depreciation was increased by R1 577 178 in order to align the opening balance on ADMaC system with the audited assets register for the 2015/16 financial period. The audited Community asset register for the financial year 2015/16 was used as the baseline during migration on data from Venus onto ADMaC with the above differences being identified.

This error was corrected in the current year and adjusted retrospectively. The Community assets were increased retrospectively by an amount of R560 628.

Refer to note 4.

#### Other Assets

During this migration of data, the other assets cost was increased by R32 500 and accumulated depreciation was increased by R345 823 in order to align the opening balance on ADMaC system with the audited assets register for the 2015/16 financial period. The audited other assets register for the financial year 2015/16 was used as the baseline during migration of data from Venus onto ADMaC with the above difference being identified.

This error was corrected in the current year and adjusted retrospectively. The Other assets were increased retrospectively by an amount of R378 323.

Refer to note 4.

#### Intangible Assets

Due to the requirements imposed by National Treasury for all municipalities to be mSCOA compliant, the ADM implemented a new financial system and chart of accounts.

During the current year the ADM thus migrated data from its existing legacy system (Venus) to the new financial system (SAP/ADMaC).

During this migration of data, the Intangible assets were adjusted by an amount R5 515 988 in order to align the opening balance on ADMaC with the audited register of the 2015/16 financial year.

The audited Intangible Asset register and WIP for software for the year 2015/16 was used as the baseline during the migration of data from Venus to ADMaC and the above error was identified.

This error was corrected in the current year and adjusted retrospectively. The Investment Property was decreased retrospectively by an amount of R5 515 988.

Refer note 5.

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
The correction of the error(s) results in adjustments as follows:				
<b>Statement of financial position</b>				
Decrease in Trade and other receivables from exchange transactions			-	16 256 604
Decrease in Investment Property : Cost			-	337 200
Decrease in Intangible Assets: Cost			-	5 515 988
Decrease in Property, plant and equipment: Buildings cost			-	2 915 930
Increase in Property, plant and equipment: Infrastructure Assets cost			-	(52 133 990)
Increase in Property, plant and equipment : Community Assets cost			-	(2 137 806)
Increase in Property, plant and equipment : Other Assets cost			-	(32 500)
Increase in Investment property: accumulated depreciation			-	2 153 845
Decrease in Accumulated depreciation : Buildings			-	(2 479 046)
Increase in accumulated depreciation : Infrastructure assets			-	73 723 076
Increase in accumulated depreciation : Community Assets			-	1 577 178
Decrease in accumulated depreciation: Other Assets			-	(345 823)
Increase in Current tax receivable				191 920
<b>Total</b>			<b>-</b>	<b>45 542 575</b>
<b>Statement of Financial Performance</b>				
Decrease in Depreciation				194 470
Decrease in Service charges			-	(1 868 103)
Decrease Taxation				(191 920)
				<b>(1 865 553)</b>
<b>Cash flow</b>				
Net decrease in operating activities			-	1 868 103
<b>Total</b>			<b>-</b>	<b>1 868 103</b>
Net decrease in the accumulated surplus			<b>-</b>	<b>43 677 022</b>

#### 47. Risk management

##### Financial risk management

The group'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. Exposure to these risks arise in the normal course of the municipality's operations.

The Accounting Officer has the overall responsibility for the establishment and oversight of the

##### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due.

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 group's risk to liquidity is a result of the funds available to cover future commitments. The group 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.

On average 51% (2016: 48%) of receivable (own billed) income is realised within 30 days after the due date and payables are settled within 30 days of receipt of the invoice. National and Provincial grant funding is received in terms of the Division of Revenue Act (DoRA).

There has been significant change during the financial year, or since the end of the financial year, to the group's exposure to liquidity risk, the approach of measurement or the objectives, policies and processes for managing this risk.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting is not significant.

Group					Total
	Not later than one month	Later than one month and not later than three months	Later than three months and not later than one year	Later than one year and later than five years	

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality		Total
	2017	2016	2017	2016	
	R	Restated R	R	Restated R	
<b>At 30 June 2017</b>					
Trade and other payables	214 918 069	-	158 376 271	-	373 294 339
Other	-	-	2 087 963	-	2 087 963
Gross finance leases	58 376	175 127	467 004	470 566	1 171 072
	<b>214 976 444</b>	<b>175 127</b>	<b>160 931 237</b>	<b>470 566</b>	<b>376 553 374</b>
	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and later than five years</b>	
<b>At 30 June 2016</b>					
Trade and other payables	123 923 764	-	146 547 966	-	270 471 730
Other	-	-	3 629 561	-	3 629 561
Gross finance leases	243 733	731 199	1 949 864	470 566	3 395 362
	<b>124 167 497</b>	<b>731 199</b>	<b>152 127 391</b>	<b>470 566</b>	<b>277 496 653</b>
	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and later than five years</b>	
<b>Municipality</b>					
<b>At 30 June 2017</b>					
Trade and other payables	214 918 069	-	157 203 785	-	372 121 853
Other	-	-	2 087 963	-	2 087 963
Gross finance leases	58 375,52	175 126,55	467 004	157 529	858 035
	<b>214 976 444</b>	<b>175 127</b>	<b>159 758 751</b>	<b>157 529</b>	<b>375 067 851</b>
	<b>Not later than one month</b>	<b>Later than one month and not later than three months</b>	<b>Later than three months and not later than one year</b>	<b>Later than one year and later than five years</b>	
<b>At 30 June 2016</b>					
Trade and other payables	123 923 764	-	145 153 618	-	269 077 382
Other	-	-	3 629 561	-	3 629 561
Gross finance leases	243 733	731 199	1 949 864	470 566	3 395 362
	<b>124 167 497</b>	<b>731 199</b>	<b>150 733 043</b>	<b>470 566</b>	<b>276 102 305</b>

#### Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality.

Financial assets that potentially subject the municipality to credit risk, consist primarily of cash deposits, cash equivalents, short term deposits, loans and receivables, investments and trade and other receivables.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

#### Investments and borrowing

To manage credit risk in borrowing and investing, the municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions and by spreading its exposure over a range of such institutions in accordance with its investment policies approved by Council. The municipality determines concentrations of credit risk by reference to major counterparties. Counter-parties comprise larger South African banks with high quality credit ratings. Consequentially the municipality does not consider there to be any significant exposure to credit risk.

#### Loans receivable

Loans are granted and managed in accordance with policies and regulations as set out in Note 8. The associated interest rates and repayments are clearly defined and where appropriate, the municipality obtains certain suitable forms if security when granting loans. Allowances for impairment are made in certain instances.

#### Cash and cash equivalents

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating and within specific guidelines set in accordance with Council's approved investment policy. Consequently the municipality does not consider there to be any significant exposure to credit risk.

#### Receivables

Receivables are amounts owing by consumers and presented net of impairment losses. The municipality has a credit control and debt collection policy in place, and the exposure to credit risk is monitored on an ongoing basis. the municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

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	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

assessment of creditworthiness. There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review.

The municipality's strategy for managing its risk includes encouraging residents to install water management devices that control water flow to households. In certain instances, a deposit is required for new service connections, serving as a guarantee. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographic area. The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables.

The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime on any unpaid accounts after the due dates. The municipality has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in Note 12.

Consumer debtors with a demonstrative inability to pay are encouraged to apply for potential indigent status as an ongoing customer relationship strategy and also to enable the municipality to make provision for such relief.

#### Maximum exposure to credit risk

The carrying amount of financial asset, represent the municipality's exposure to credit risk in relation to these assets.

The municipality's cash and cash equivalents and short-term deposits are placed with high credit quality financial institutions.

There has been no significant change during the financial year, or since the end of the financial year, to the municipality's exposure to credit risk, the approach of measurement or the objectives, policies and processes for managing this risk.

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

#### Financial instrument Group

Cash and cash equivalents	176 785 861	147 675 208	167 557 250	131 364 632
Receivables from exchange transactions	68 856 996	58 679 182	68 856 996	58 679 182
Receivables from non - exchange transactions	11 238 185	9 358 261	11 103 477	9 273 992
Other non- current financial assets	1 710 906	127 310 255	1 710 906	127 310 255

#### Guarantees

Guarantees in lieu of projects	26 534 870	6 996 897	26 534 870	6 996 897
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#### Market risk

##### Interest rate risk

The group's activities expose it primarily to the risks of fluctuations in interest rate.

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

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

Market risk exposures are measured using sensitivity analysis. A sensitivity analysis shows how surplus and/or net assets would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

At year end financial assets exposed to interest rate risk were as follows:

Balances with banks, deposits and all call and current accounts attract interest at rates that vary with the South African prime rate. The group's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus/deficit.

Investments at fixed interest rates.

Trade receivables in arrears are linked to the South African prime rate.

Loans granted are linked to a fixed rate of interest.

Surplus funds are invested with banks for fixed terms on fixed interest rates not exceeding one year. For details refer to **Note 15**.

At year end, financial liabilities exposed to interest rate risk were as follows:

Finance leases linked to the South African prime rate and DBSA loan is fixed.

Management manages interest rate risk by negotiating beneficial rates.

#### Interest rate sensitivity analysis

##### Financial Assets

At 30 June 2017, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R242 405 ( 2016: R289 010) with the opposite effect if the interest rate had been 50 basis points lower.

##### Financial liabilities

At 30 June 2017, if interest rates at that date had been 50 basis points higher, with all other variables constant, the effect on the statement of financial performance would have been R1 336 (2016: R1 747) with the opposite effect if the interest rate had

## Amathole District Municipality

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### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
been 50 basis points lower.				
<b>Foreign exchange risk</b>				
The group was not a direct party any outstanding forward exchange contract at the reporting date. The movement in the currency was not material to the group's procurement and, consequently, is not elaborated on any further.				
<b>48. Unauthorised expenditure</b>				
Opening balance	9 811 438	14 439 250	7 035 968	12 092 000
Current year unauthorised expenditure	53 409 240	7 464 188	53 409 240	7 035 968
Unauthorised expenditure written off	(2 347 250)	(12 092 000)	-	(12 092 000)
	<b>60 873 428</b>	<b>9 811 438</b>	<b>60 445 208</b>	<b>7 035 968</b>

The budget of the 2016/17 financial year was exceeded by an overall amount of R53 409 240. This was on the depreciation, bulk purchases and finance costs. SAP did not go live on 1 July as planned, resulting in 3 months expenditure being on Venus and next 9 months being on SAP. Problems were experienced in the migration of the Venus data into the SAP system. Without the Venus expenditure on SAP, the budget controls on SAP were of no use as the expenditure was overstated. This has led to poor controls on budget vs actual and has resulted in unauthorized expenditure.

During the 2015/16 financial year, the operational budget was exceeded at vote level by R697 374 for Legislative and executive support services on employee costs and R5 172 132 for Corporate services due to an increase in depreciation charges at year end and rental payments, however the total budget at institutional level was not overspent. The capital budget was exceeded on MIG by R192 614, MWIG R677 144 and War on Leaks by R296 703. This was approved by Council on 25 August 2017.

The expenditure vote at departmental level for 2013/14 was exceeded by R 12 092 000 hence the prior amount of the unauthorised expenditure has been adjusted. This expenditure was approved by Council on 24 July 2015.

#### 49. Fruitless and wasteful expenditure

Opening balance	4 773 616	4 456 639	1 475 315	1 222 466
Fruitless and wasteful expenditure current year	2 305 346	316 977	2 232 174	252 849
Written off during the year	(4 472 379)	-	(1 174 078)	-
	<b>2 606 583</b>	<b>4 773 616</b>	<b>2 533 411</b>	<b>1 475 315</b>

#### Incident

During 2016/17 financial year an amount of R142 was incurred as interest on late payment of an invoice for Snack Palace

During 2016/17 financial year an amount of R7 234 was incurred as interest on late payment of an invoice for Telkom.

During 2016/17 financial year an amount of R2 103 188 was incurred as interest of R402 441 and penalty VAT of R1 700 747.

During 2016/17 financial year an amount of R62 225 was incurred as interest for penalty charges.

During 2016/17 financial year an amount of R15 898 was incurred for Traffic Fines.

During 2016/17 financial year an amount of R43 487 was paid to Telkom for cables that were pulled up from the ground by an ADM TLB.

During the 2015/16 financial year, interest was incurred for First Auto of R35 489.

During the 2015/16 financial year, there was interest incurred for an amount R90 512 and R97 718 for late insurance payment.

During the 2015/16 financial year, there was interest incurred for an amount R29 130 to SARS as a result of VAT audit. The Council approved the write off on the 31st August 2016.

During the 2014/15 financial year, there was interest incurred for an amount R70 478 and penalties of R83 776 to SARS as a result of VAT audit. The Council approved a write off of R154 254 on the 31st August 2016.

During the 2014/15 financial year, there was incorrect payment made to the service provider for an amount of R27 500. This is a recent transaction. The matter is being investigated to determine who the responsible official is in this regard.

During the 2014/15 financial year, there was a late payment of PAYE, SKILLS and UIF to SARS incurring interest of R25 082. A report has been submitted providing reasons why this interest was incurred. No official can be held responsible for this matter according to the report. The Council approved the write off on the 31st August 2016.

During the 2014/15 financial year, an ADM official utilised an ADM vehicle without a trip authority, towing services were procured amounting to R103 093. The expenditure is being recovered from the responsible official. There will be no need to request Council to write off the expenditure as it is in the process of being recovered.

During the 2013/14 financial year, interest and penalties of R403 823 were paid to SARS as a result of a VAT audit. Interest of R32 305 was incurred on late payments during 2013/14. Both instances were investigated. The Council approved the write off of R403 823 on the 31st August 2016.

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	R	R	R	R

During the 2013/14 financial year, there was interest incurred on late payment to Aloe Travel for an of R3 478. The official responsible for incurring this expenditure is no longer with the municipality and a request to write off the expenditure was tabled to Council. The Council approved the write off on the 31st August 2016.

During the 2012/13 financial year, there was interest on late payment to First Auto of R11 035. The matter is currently under investigation to determine who is responsible for incurring this expenditure.

During the 2012/13 financial year, three instances of late payment incurring interest were incurred, being R7617, R302 and R9 603 respectively. The ADM investigated all the matters of late payment. The Council approved the write off of R9 603 and R302 on the 31st August 2016.

An amount of R2 for interest on late payment to the Cape Joint Fund was incurred during May 2012. The Council approved the write off on the 31st of August 2016.

During 2011/12 financial year, interest of R43 963 was incurred on accounts due. This was as a result of a dispute logged regarding previously charged interest and fees. The dispute was never resolved, yet the interest kept on accumulating on the amount in dispute. The Council approved write off on the 31st August 2016.

During 2010/11, interest of R714 was incurred on late payment. The ADM has investigated the matter. The Council approved the write off on the 31st August 2016.

During the 2009/10 financial year, rental costs of R91 835, R88 803 and R184 207 were incurred for the 9th, 14th and ground floors respectively at Caxton House.

A payment of R34 830 was made to a contractor for interest incurred on construction. The interest was to be paid per the ruling of the Mediator.

The ADM investigated the matter. The Council approved the write off of R91 835, R88 803, R184 207 and R34 830 on the 31st August 2016.

#### 50. Irregular expenditure

Opening balance	6 244 288	292 646 381	2 085 201	288 537 590
Add: Irregular Expenditure	16 179 973	1 929 929	16 050 041	1 879 633
Less: Amounts written off by Council	(866 624)	(288 332 022)	(452 768)	(288 332 022)
	<b>21 557 638</b>	<b>6 244 288</b>	<b>17 682 475</b>	<b>2 085 201</b>

#### Incident

During 2016/17 a service provider was appointed for an amount of R402 649. The prequalification re-assessment by BEC was not undertaken for all bidders.

During 2016/17 a service provider was appointed for an amount of R9 228 to supply fittings without the departmental delegated authority's approval.

During the 2015/2016 Audit an amount of R329 000 was deemed irregular by Auditor General, as the reason cited use of Single Source specialised nature did not seem

During the 2015/2016 Audit an amount of R377 295 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate.

During the 2015/2016 Audit an amount of R455 746 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate.

During the 2015/2016 Audit an amount of R416 000 was deemed irregular by Auditor General, as the reason cited use of Multi Source specialised nature did not seem appropriate.

During the 2016/17 an amount of R1 426 371 is for a service provider that was appointed under contract 8/2/17/2016-2017. The reason for deviation is not justifiable.

During the 2016/17 financial year the service provider was appointed for an of R20 250 amount while the tender validity period had expired.

During 2016/17 financial year the service provider was appointed for an amount of R389 356. The reason for deviation is not justifiable .

During 2016/17 financial year the service provider was appointed for an amount of R1 704 425. The reason for deviation is not justifiable.

During 2016/17 financial year the service provider was appointed for an amount of R4 189. The reason for deviation is not justifiable.

During 2016/17 financial year the service provider was appointed for an amount of R29 500. The reason for deviation is not justifiable.

During 2016/17 financial year the service provider was appointed for an amount of R22 731. The reason for deviation is not justifiable.

During 2016/17 financial year the service provider was appointed under emergency procurement of R42 000 per month. The amount is R504 000.

During 2016/17 financial year the service provider was appointed for an amount of R5 550 under emergency services to remove and reinstall outdoor ADM Branded Over Head Signage.

The reason for the breach was not provided as per Regulation 36 of the SCM Regulations.

The reasons for not awarding the contract to the highest point scorer was not justifiable. Confirmation will be provided by ADM's Attorneys whether or not this will be deemed as irregular.

During 2016/17 financial year the service provider was appointed for an amount of R9 974 000. The reason for deviation is not justifiable.

During the 2015/16 an amount R28 932 and R29 500 relate to the service providers not registered

During the 2015/16 an amount of R1 327 748 was overpaid.

During the 2014/2015 financial year Audit, an amount of R3 532 and R7 293 was deemed irregular by AG as there was no evidence provided that the procurement process of requesting three quotations was followed to procure catering services .

During the 2014/2015 financial year Audit, an amount of R170 248 was deemed irregular by Auditor General, as the reasons cited for utilising the deviation process, namely Single Source Bidding were not justifiable to procure the Municipality's reception/ customer care area furniture. The expenditure was approved by Council for write off on the 31 August 2016

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		Restated		Restated
	R	R	R	R

During the 2014/2015 financial year Audit, an amount of R127 540 was deemed irregular by Auditor General. Municipality utilised a deviation process, namely Single Source Bidding to procure skills training programme for designers and crafters in garment making. One company was motivated to be utilised as ADM would receive 63% discount by using the said service provider. Auditor General deemed the procurement as irregular as the obtaining the services at a discount are not valid reasons for deviating from normal procurement process. The expenditure was approved by Council for write off on the 31 August 2016

During the 2014/2015 financial year Audit, an amount R145 000 was deemed irregular by Auditor General. The Municipality utilised a deviation process, namely Single Source Bidding, to fast track the implementation process for the project and approved the utilisation of a service provider utilised on similar project. Auditor General deemed the procurement as irregular, as it was not justified for the construction of chalets in Butterworth, by a supplier that completed the work in Tsitsikama. The expenditure was approved by Council for write off on the 31 August 2016

During 2014/2015 financial year Audit, an amount of R39 842 (R145 000, R2 232, R7 732, R9 980 and R19 898) were deemed irregular by Auditor General, as Auditor General noted that quotations were obtained from Messrs Butterworth Multipurpose Centre, Messrs Women Construction, Messrs Liqhayiya SD Electrical, Ezinokhanyo Trading CC and Long Island Trading which are not listed on ADM's supplier database and it could not be ascertained whether they met the listing requirements as their application documentation could not be obtained from ADM during 14/15 Audit. The expenditure of R9 980 was approved by Council for write off on the 31 August 2016.

During the 2014/15 financial year, an amount of R286 320 150 was deemed by ADM as irregular. ADM contracted with a service provider utilising section 32 procurement process. It has been established after award that the tax clearance certificate submitted by the service provider was fraudulent. This was written off by the council on the 21st August 2015.

During the 2014/15 financial year, procurement amounting to R205 568 (7 incidents) were deemed irregular by ADM as procurement processes were split to avoid the SCM processes.

During the 2013/14 financial year, an amount of R130 290 was deemed by Auditor General to be irregular as a result of possible cover quoting. The expenditure was written off by Council on the 24th of July 2015.

During the 2013/14 financial year, procurement amounting to R121 702 (7 incidents) were deemed irregular by Auditor General for requisitions not approved by the delegated official. The expenditure was written off by Council on the 24th of July 2015.

During the 2013/14 financial year, procurement amounting R116 050 were deemed irregular by Auditor General for procurement divided to avoid SCM processes. It was deemed not irregular by the Council it was written off on the 24th of July 2015.

During 2012/13 financial year, an amount of R52 500 was deemed by Auditor General as irregular for non utilisation of the three quotes system. This was disclosed in the 2013/14 register, this expenditure is now reflected on the 2012/13. It was written off by the Council during 2015/16 financial year on the 24th July 2015.

During the 2012/13 financial year, an amount of R146 832 was deemed irregular as three quotes were not obtained. This was disclosed in the 2013/14 register, this expenditure is now reflected on the 2012/13 register. It was deemed not irregular by the Council during 2015/16 financial year on the 24 of July 2015.

During 2011/12 financial year, Operations and Maintenance of the Eastern Regional Solid Waste Landfill site, Ibika was not advertised for 30 days for an amount of R1 550 991. It was condoned during 2013/14 financial year and written off 2015/16 financial year on the 24th of July 2015 by the Council.

During 2011/12 financial year, there was non submission of tax clearance certificate for an amount of R50 000. It was condoned during 2013/14 financial year and written off 2015/16 financial year by the Council on the 24th of July 2015.

During 2011/12 financial year, an amount of R163 657 was deemed by Auditor General as irregular as no competitive bidding process was followed in relation to the financing of the maintenance portion of the photocopier contract. It was deemed not irregular by the Council 2015/16 financial year on the 24th July 2015.

During the 2010/11 financial year, breaches on contracts to the value of R546 238 were found. These were investigated and written off by Council on 22 August 2014.

**The comparative figures have been restated. Refer to note 58**

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

##### Audit fees

Amount paid - current year	4 167 664	3 953 469	3 577 555	3 229 105
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##### PAYE and UIF

Opening balance	7 392 370	(25 160)	7 392 370	(25 160)
Current year subscription / fee	98 536 166	101 349 371	91 738 691	97 332 065
Amount paid - current year	(102 782 087)	(93 931 841)	(95 984 612)	(89 914 535)
	<b>3 146 449</b>	<b>7 392 370</b>	<b>3 146 449</b>	<b>7 392 370</b>

The balance represents PAYE and UIF deducted from the June 2017 payroll. The amount due was paid during July 2017 payroll. The amount due was paid during July 2017 and has been included in current liabilities

##### Pension and Medical Aid Deductions

Current year subscription / fee	154 021 889	155 835 547	154 021 889	108 521 430
Amount paid - current year	(154 021 889)	(155 834 880)	(154 021 889)	(108 521 430)
	-	667	-	-

##### VAT

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	2017	2016	2017	2016
	R	Restated R	R	Restated R
VAT receivables	45 521 896	45 467 101	45 337 734	44 054 118

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2017:

30-Jun-17	Outstanding more than 90 days	Total
	R	R
Councillor P. A Finca	651	651
Councillor C. Genyane	1 408	1 408
Councillor N. Sekelenge	15 293	15 293
Councillor N. Tshona	4 948	4 948
Councillor C. A Auld	21 823	21 823
Councillor N. A Bonga	1 048	1 048
Councillor X. C Badi	29 419	29 419
Councillor L. D Penisi	14 736	14 736
Councillor S. Zuka	3 158	3 158
	<b>92 485</b>	<b>92 485</b>

30-Jun-16	Outstanding more than 90 days	Total
	R	R
Councillor P. A Finca	698	698
Councillor T. P Dwanya	1 971	1 971
Councillor M. J Papu	7 661	7 661
	<b>10 330</b>	<b>10 330</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30-Jun-17	Highest outstanding amount	Aging (in days)
	Councillor X. C Badi	29 419
Councillor C. A Auld	21 823	90
Councillor N. Sekelenge	15 293	90
Councillor L. D Penisi	14 736	90
Councillor N. Tshona	4 948	90
Councillor S. Zuka	3 158	90
Councillor C. Genyane	1 408	90
Councillor N. A Bonga	1 048	90
Councillor P. A Finca	651	90
	<b>92 485</b>	

30-Jun-16	Highest outstanding amount	Aging (in days)
	Councillor M. J Papu	7 661
Councillor T. P Dwanya	1 971	90
Councillor P. A Finca	698	90
	<b>10 330</b>	

#### Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy need to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident	2017	2016	2017	2016
Deviations	78 266 099	127 704 373	77 042 690	124 938 046
Breaches	826 322	1 104 523	826 322	1 104 523



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	2017	2016	2017	2016
	R	Restated R	R	Restated R
	<b>79 092 421</b>	<b>128 808 896</b>	<b>77 869 012</b>	<b>126 042 569</b>

#### Non-Compliance with the Municipal Finance Management Act

The 2017 Schedule C was not submitted within 10 working days due to the change of systems in order to comply with the Municipal Chart of Accounts (mSCOA) as required by National Treasury.

#### Bids awarded to family of employees in service of the state

In terms of the SCM regulations, any award above R2000 to family members of employees in the service of the State must be disclosed in the annual financial statements.

The following is a list as recorded on the declaration of interest form.

#### Connected Person and Position Held

A. Mc Allister - Administration Officer	-	224 886	-	224 886
B. Cook - Engineering Services	-	9 500	-	9 500
L. Ngcobo - Senior Manager: Municipal Support Unit	50 060	420 127	50 060	420 127
Z.Gladile - Senior clerk Leave Records	120 000	337 500	120 000	337 500
N.Tami - Contracts officer: SCM	48 750	282 888	48 750	282 888
N. Jacobs	-	4 650	-	4 650
Z. Poto - Engineers Assistant	41 104	-	41 104	-
T. Hoyana	24 760	-	24 760	-
F. Nondwangu - Senior Manager: LHSED	29 950	-	29 950	-
Z. Qwesha - Engineering Services	408 652	-	408 652	-
Y. Ntshanga - Chief Financial Officer	205 200	-	205 200	-
	<b>928 475</b>	<b>1 279 551</b>	<b>928 475</b>	<b>1 279 551</b>

#### 52. Grant performance narrations

Refer to Annexure 1 for further detail on grants

#### National Government Grants

##### 1. Financial Management Grant (FMG)

Funds were being used for salaries of five (5) interns. The fifth intern has since resigned. In addition to interns salaries, the funds were also utilised for training of officials and stationery. The position will be filled in due course. Rollover application will be made to secure the unspent balance at year end.

##### 2. Extended Public Works Programme (EPWP)

Funds were being used for stipends of EPWP interns and Data Capturers. The EPWP interns are involved in various projects around the municipality. The application for rollover of the balance has been made to the funder.

##### 3. Municipal Systems Improvement Grant (MSIG)

###### MSIG : Data Cleaning Project Nkonkobe Ph2

Project completed. Remaining unspent balance was returned to the funder.

##### 4. Municipal Infrastructure Grant (MIG)

The application for rollover of unspent funds was made to the funder.

##### 5. Water Services Infrastructure Grant (WSIG)

The funds were utilised for various water related projects within the District. The allocation was not fully spent and thus a rollover application was made to the funder to retain the remaining balance.

##### 6. Road Asset Management System (RAMS)

The application for rollover will be made to the funder to utilise the funds in the 2017/18 financial year.

##### 7. Neighbourhood Development Partnership Grant (NDPG)

Funds transferred to ASPIRE for implementation.

##### 8. Regional Bulk Infrastructure (RBIG)

The remaining balance is from received during the 2016/17 financial year for utilisation in the 2017/18. The balance will be fully utilised in the 2017/18 financial year.

##### 8. Capacity Building Programme

Project complete.

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		Restated		Restated
	R	R	R	R
<b>9. Mnquma War on Leaks</b>				
Funds fully spent				
<b>10. ACIP - WW Infrastructure refurbish R3 5M</b>				
Funds fully utilised.				
<b>11. Victoria</b>				
This is a multiyear project . The project is progressing. The balance is expected to be utilised in the next financial year. An application for roll-over was made by the project Manager to the funder.				
<b>12. Teko Springs/ Ndlovini</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project Manager to the funder. The project status is awaiting approval of the layout plan by COGTA.				
<b>13. Needs Camp</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>14. Hogsback</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial year .The application for roll-over was made by the project manager to the funder .The project status awaiting approval of the layout plan by COGTA.				
<b>15. Haga Haga</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the current financial year 2015/16.The application for roll-over was approved by the funder. The project status awaiting acceptance of the offer to acquire the land from the land downer. Keep and use the funds.				
<b>16. Willowvale</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>17. Elliotdale</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>18. Ndevana</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>19. Msobomvu</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year . The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>20. Hertzog</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>21. Great Kei Planning</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>22. Mnquma Planning</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>23. Ngqushwa Planning</b>				
This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.				
<b>24. Nkonkobe Planning</b>				

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		Restated		Restated
	R	R	R	R

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 25. Mquma Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 26. Survey Interest and Contribution

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 27. Ngqushwa Survey Funds

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 28. Nkonkobe Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 29. Lewis Survey

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial year. The application for roll-over was made by the project manager to the funder. The project status awaiting approval of the layout plan by COGTA.

#### 30. Prudoe Engineering Design

Awaiting the close out report and the balance to be transferred back to funder as possible savings .

#### 31. Dongwe Engineering Design

Awaiting the close out report and the balance to be transferred back to funder as possible savings.

#### 32. Kubusie Establishment Grant

Project complete remaining balance is savings.

#### 33. Ndlovini Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 34. Ducats Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 35. Macleantown Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 36. Prudoe Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 37. Dongwe Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 38. Teko Spring Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

#### 39. Needs Camp Establishment Grant

Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.

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	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
<b>40. Teko Spring Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>41. Prudoe Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>42. Dongwe Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>43. Needscamp Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>44. Ducats Top Structure Subsidy</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>45. Kubusi Top Structure</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>46. Lilyvale Kaysers Beach Establishment Grant</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>47. Kaysers Beach Housing Project</b>				
Project complete. Balance is for the ADM income. The application for roll-over was made and approved by the funder. LHSED to confirm this statement.				
<b>48. Lilyvale Eng Designs</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>49. Planning Grant DLA</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2015/16 -2017. The application for roll-over was made by the project manager to the funder.				
<b>50. Restitutional Award (DLA)</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>51. Beneficiary Administration (Breaking new ground )</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>52. Environmental Impact Assessment</b>				
This is a multiyear project. The project is progressing. The balance is expected to be utilised in the next financial years 2016 -2017. The application for the roll over was made by the project manager to the funder.				
<b>53. Geo Hydrology</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>54. Bawa Falls Led</b>				
Project will be completed in the next financial year (Multi-year).				
<b>55. Elliotdale Brick Making</b>				
Project will be completed in the next financial year (Multi-year).				

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	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

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**56. EC Information Initiative Support**

Project will be completed in the next financial year (Multi-year).

**57. ECDOT: Butterworth Interchange**

Retention amount remaining.

**58. Roof Top Rain Water Harvesting**

Funds fully spent

**59. Ngqusi Rain Water Harvesting**

Funds fully spent.

**60. Water service support**

Consolidation of small balances

**61. Free Basic Services Strategy Development**

Savings

**62. Silwindlala Women's Project**

Project will be completed in the next financial year (Multi -year)

**63. Balfour Sawmills**

Project will be completed in the next financial year (Multi -year).

**64. Highlands Resorts**

Project will be completed in the next financial year (Multi -year).

**65. Peddie Brick Making**

Project will be completed in the next financial year (Multi -year).

**66. Inkuthalo Hydroponics**

Project will be completed in the next financial year (Multi -year).

**67. Capacity Building for LM's**

Project will be completed in the next financial year (Multi -year).

**68. Led Capacity Building - Ngqushwa**

Project will be completed in the next financial year (Multi -year).

**69. Upgrade Infrastructure Sanitation ( Consolidated of Accounts)**

Recently consolidated funds. Will be utilised

**70. Water Services Operating Grant-DWS Refurbishment**

Savings. Application for rollover will be sent to the funder once all the invoices are paid

**71. Water Conservation and Demand Management**

It will be utilised for stipends for rain water harvesting.

**72. Chatha Development**

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years 2017/2018.

**73. Fingoland and Regional Authority**

This is a multi-year project. The project is progressing. The balance is expected to be utilised in the next financial years. 2017/2018

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R
<b>74. Dwesa Cwebe Restitutional</b>				
This is a multi- year project. The project is progressing. The balance is expected to be utilised in the next financial years 2016/2017.				
<b>75. Co-operative specialist</b>				
Project will be completed in the next financial year (Multi-year)				
<b>76. Tourism Survey</b>				
Project will be completed in the next financial year (Multi-year).				
<b>77. Nxuba Dam Chalets Development</b>				
Project will be completed in the next financial year (Multi-year)				
<b>78. SETA Implementation</b>				
Roll-over application for unspent amounts been made to the funder.				
<b>79. Ploughing Contactors-ward 10</b>				
Project will be completed in the next financial year (Multi-year)				
<b>80. Ploughing Contactor- NGXAKAXA</b>				
Project will be completed in the next financial year (Multi-year)				
<b>81. Ploughing Contactor- Ward 15</b>				
Project will be completed in the next financial year (Multi-year).				
<b>82. Vuna Awards</b>				
Funds will be utilised for stationery.				
<b>83. Public Awareness Savings</b>				
Technical Assistance to Develop District Dec Profile The application for rollover has been done to COGTA.				
<b>84. Shixnini Water</b>				
The remaining amount is savings				
<b>85. Communal Water</b>				
Project complete, awaiting the close out Report and the balance to be transferred back to the funder as possible savings. The application for roll-over was made by the project manager to the funder.				
<b>86. Technical Assistance to Develop District Development Profile</b>				
Project complete.				
<b>53. Interest earned - outstanding receivables</b>				
Receivables - service charges	32 914 767	37 408 693	32 914 767	37 408 693
Financial assets	-	-	-	-
	<b>32 914 767</b>	<b>37 408 693</b>	<b>32 914 767</b>	<b>37 408 729</b>
<b>54. Gain/(Loss) on disposal of asset</b>	(5 326 141)	(9 347 504)	(5 326 141)	(9 215 107)
The loss relates to other assets such as machinery, computer equipment, furniture and fittings and motor vehicles.				
<b>55. Repairs and maintenance</b>				
Water and sanitation	11 747 282	7 029 930	11 747 282	7 029 930
Buildings	3 510 626	1 151 681	3 510 626	1 140 331
Vehicles	5 457 296	120 813	5 457 296	120 813
Tools and equipment	-	5 188 600	-	5 188 600
Office furniture and equipment	-	27 791	-	27 791
Computers	1 245	2 120 065	-	2 117 780

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016 Restated	2017	2016 Restated
	R	R	R	R
Others	-	26 036 767	-	26 036 767
	<b>20 716 448</b>	<b>41 675 647</b>	<b>20 715 203</b>	<b>41 662 012</b>
<b>56. Water distribution losses</b>				
Water distribution losses	17 104 822	49 293 247	17 104 822	49 293 247

The amount recorded as distribution losses emanates from the provision of water to free basic services beneficiaries through communal standpipes and also network/distribution losses due to burst pipe and other leakages.

#### 57. Events after reporting date

In its Council meeting of May 2017, the Amathole District Municipality resolved to conduct a forensic investigation on the basis of the close out report by the Audit and Risk Committee Chairperson. Sizwe Ntsaluba Gobodo has been appointed to conduct this forensic investigation covering the past three financial years (2014/15 to 2016/17) and focusing on Supply Chain Management, Recruitment and Selection and Debit and Stop Orders. The assignment is over a period of a year.

The Agency is in the process of transferring by way of a donation all movable assets that were acquired for the Emthonjeni Artists Project. The process is expected to be finalised by December 2017.

#### 58. Comparatives

The comparative amount for irregular expenditure has been restated by R52 500. The prior year irregular write offs were understated hence not agreeing to irregular register.

#### 59. Budget differences

##### Material differences between budget and actual amounts

The excess of actual expenditure over the final budget of 10% are explained below:

##### Statement of Financial Performance

##### Revenue

##### 1. Service charges

The budget amount is based on what is realistically collectable, while the actual amount is based on accrued billing for services consumed.

##### 2. Rentals

The budget was revised as actual rentals were less than anticipated as per budget, however the actual was still less than anticipated. It must be noted that in the prior year Calgary was hired out to external parties and therefore earned additional rental income.

##### 3. Interest earned - outstanding receivables

Actual billing exceeded the budget as billing of interest on overdue accounts exceeded what was anticipated to be collected.

##### 4. Other income

Includes an amount to balance the budget expenditure on non-cash flow items as the budget is on the accrual basis.

##### 5. Interest on external investments

Actual income is more than anticipated due to funds received being invested until required.

##### 6. Government grants

Income is recognised once spending takes place and conditions are met.

##### 7. VAT on MIG

This amount pertains to "VAT savings" on the MIG conditional grants as per National Treasury circular that allows this to be recognised as own revenue.

##### 8. VAT other grant

This amount pertains to "VAT savings" on conditional grants as per National Treasury circular that allows this to be recognised as own revenue.

##### Expenditure

## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

	Group		Municipality	
	2017	2016	2017	2016
		Restated		Restated
	R	R	R	R

#### 9. Employee related costs

The municipality is implementing austerity measures to contain costs. Posts are not automatically filled once vacated.

#### 11. Depreciation

The depreciation expense is more than the budget as the amount anticipated for new schemes commissioned during the year was greater.

#### 12. Finance costs

The anticipated finance costs were more than budgeted due to the actuarial valuation of the employee benefits being more.

#### 13. Bad debt

The actual bad debt provision to be increased was less than anticipated.

#### 15. Repairs and maintenance

Repairs and maintenance votes are used on an adhoc basis and only used if and when needed. Emergency procurement has resulted in the actual expenditure exceeding the budget

#### 16. Bulk services

The purchases of bulk water was greater than anticipated as purchases are based on demand.

#### 18. General expenditure

The municipality has implemented austerity measures to reduce expenditure, however items such as the utilities were more than anticipated.

#### 19. Gain on sale of assets

Gain/loss on the disposal of assets is not budgeted for due its ad hoc nature and level of uncertainty.

#### Statement of Financial Position

#### 2. Receivables from exchange transactions

The provision for bad debts is for 80% of the outstanding debt.

#### 3. Receivables from non-exchange transactions

The decrease is a result of sundry debtors decreasing.

#### 5. Current portion of receivables

This amount is the current portion of the pledged MIG grant for 2016/17 allocation and was fully received during the current year.

#### 6. Cash and cash equivalents

The cash and cash equivalents have decreased as a result of increased spending especially on grants.

#### 9. Property, plant and equipment

The property, plant and equipment increased during the current year as a result of expenditure on infrastructure assets funded by grants.

#### 12. Current portion of the interest bearing borrowings DBSA

This amount is the current portion of the DBSA loan that was entered into to finance the accelerated sanitation project, this has been settled during the current year.

#### 15. Taxes and transfers payable

This relates to the June 2017 PAYE amount that was paid in July 2017.

#### 16. Unspent conditional grants

Increased spending of the grant allocations by the municipality. With almost all the DoRA gazetted grants being fully spent.

#### 20. Employee benefits

The employee benefit obligation is based upon the report obtained from the actuaries.

#### Cash flow statement

#### 1. Operating activities

The net cash flow from operating activities reflects an inflow, due to the expenditure being less than anticipated. The municipality has implemented austerity measures in order to reduce expenditure.



## Amathole District Municipality

Consolidated Annual Financial Statements for the year ended 30 June 2017

### Notes to the Consolidated Annual Financial Statements

Group		Municipality	
2017	2016	2017	2016
	Restated		Restated
R	R	R	R

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#### 2. Investing activities

The net cash flow from investing activities variances is as a consequence of purchasing of property, plant and equipment.

#### 3. Financing activities

The net cash flow from investing activities variance is as a result of repaying the DBSA loan.

#### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters as well as an adjustment to the budget.

**Amathole District Municipality**  
**Consolidated Annual Financial Statements**  
**Appendix A - Schedule of External Loans**  
for the year ended 30 June 2017

EXTERNAL LOANS	Loan number	Interest Rate	Redeemable Date	Received during the period	Redeemed / written off during the period	Balance at 30 June 2017
				R	R	R
<b>CURRENT PORTION</b>						
DBSA Loan - Amathole		8,51%	12/12/2014	286 320 150	(286 320 150)	-
				-	-	-
				-	-	-
<b>Total long-term loans</b>				<b>286 320 150</b>	<b>(286 320 150)</b>	<b>-</b>

The loan was settled during the 2016/17 financial year

Amathole District Municipality  
 Consolidated Annual Financial Statements  
 Appendix B - Analysis of Property, plant and equipment  
 for the year end 30 June 2017

Classifications	Cost				Accumulated Depreciation				Carrying Value 30/06/2017
	Opening Balance 01/07/2016	Additions	Disposals	Closing Balance 30/06/2017	Opening Balance 01/07/2016	Additions	Disposals/Transfer Out	Closing Balance 30/06/2017	
	R	R	R	R	R	R	R	R	
<b>INFRASTRUCTURE</b>	<b>4 734 027 506</b>	<b>235 884 958</b>	-	<b>4 966 985 881</b>	<b>603 129 131</b>	<b>88 810 143</b>	-	<b>691 939 274</b>	<b>4 276 353 429</b>
Civil Structure	166 370 530	27 821 454	-	194 191 984	152 695 351	17 606 891	-	170 302 242	23 889 742
Common Assets	2 933 651	-	-	2 933 651	2 203 780	69 473	-	2 273 253	660 397
Electrical Plant	39 560 150	-	-	39 560 150	22 940 240	1 828 657	-	24 768 898	14 791 253
Infrastructure	119 843 130	65 149 196	-	184 992 326	2 889 938	5 265 472	-	8 155 409	176 836 917
Mechanical Plant	86 052 012	514 357	-	86 566 369	53 845 086	4 047 137	-	57 892 223	28 674 146
Other	1 407 468	285 922	-	1 693 389	613 799	96 406	-	710 206	983 184
Pipe	2 176 945 642	1 626 436	-	2 178 572 078	367 940 938	59 896 106	-	427 837 044	1 752 041 856
Work in Progress	2 140 914 924	140 487 593	-	2 278 475 934	-	-	-	-	2 278 475 934
<b>SANITATION</b>	<b>261 004 307</b>	<b>84 701</b>	-	<b>261 089 008</b>	<b>63 831 794</b>	<b>6 886 988</b>	-	<b>70 718 783</b>	<b>190 370 226</b>
Civil Structure	74 615 739	-	-	74 615 739	22 021 482	2 338 752	-	24 360 233	50 255 506
Common Assets	397 125	-	-	397 125	213 383	17 423	-	230 806	166 319
Electrical Plant	5 651 580	-	-	5 651 580	2 566 070	220 696	-	2 786 766	2 864 814
Mechanical Plant	13 253 173	84 701	-	13 337 874	6 849 554	634 760	-	7 484 313	5 853 561
Other	29 951	-	-	29 951	14 975	1 498	-	16 473	13 478
Pipe	167 056 740	-	-	167 056 740	32 166 331	3 673 860	-	35 840 191	131 216 548
<b>COMMUNITY ASSETS</b>	<b>62 368 710</b>	-	-	<b>62 368 710</b>	<b>6 156 359</b>	<b>2 065 624</b>	-	<b>8 221 983</b>	<b>54 146 727</b>
Clinics & Hospitals	-	-	-	-	-	-	-	-	-
Fire Stations	-	-	-	-	-	-	-	-	-
Security System	-	-	-	-	-	-	-	-	-
Museum	400 000	-	-	400 000	-	-	-	-	400 000
Civic Buildings	61 968 710	-	-	61 968 710	6 156 359	2 065 624	-	8 221 983	53 746 727
Under Construction	-	-	-	-	-	-	-	-	-
<b>INVESTMENT PROPERTY</b>	<b>155 210 848</b>	-	-	<b>155 210 848</b>	<b>2 731 461</b>	<b>357 617</b>	-	<b>3 089 078</b>	<b>152 121 770</b>
<b>LAND BUILDINGS</b>	<b>21 152 500</b>	-	-	<b>21 152 500</b>	<b>3 302 640</b>	<b>527 580</b>	-	<b>3 830 220</b>	<b>17 322 280</b>
<b>Office Equipment</b>	<b>74 983 544</b>	<b>45 146 743</b>	<b>(31 994 199)</b>	<b>88 136 088</b>	<b>16 432 120</b>	<b>11 946 639</b>	<b>(1 239 765)</b>	<b>27 138 995</b>	<b>60 997 094</b>
Other Office Equipment	1 722 442	96 184	(454 599)	1 364 027	872 275	139 595	(275 788)	736 082	627 945
Office Machines	511 808	-	(90 398)	421 410	249 823	46 719	(48 946)	247 595	173 815
Computer Hardware	54 910 242	132 452	(1 686 820)	53 355 873	12 453 253	5 007 420	(912 203)	16 548 470	36 807 403
Air Conditioners	5 452	-	(3 308)	2 144	3 940	517	(2 828)	1 630	515
Software	17 833 600	44 918 108	(29 759 074)	32 992 634	2 852 829	6 752 389	-	9 605 218	23 387 416
<b>Furniture and Fittings</b>	<b>21 206 080</b>	<b>2 944 440</b>	<b>(2 476 399)</b>	<b>21 674 122</b>	<b>9 567 225</b>	<b>1 994 762</b>	<b>(2 411 482)</b>	<b>9 150 504</b>	<b>12 523 618</b>
Chairs	4 440 759	44 219	(294 859)	4 190 119	2 232 224	355 066	(472 323)	2 114 966	2 075 153
Bins and Containers	532 037	-	(304 720)	227 317	390 187	38 586	(250 479)	178 294	49 023
Furniture and Fittings:									
Other	8 642 791	75 545	(1 060 843)	7 657 493	3 811 099	721 493	(904 470)	3 628 122	4 029 372
Tables and Desks	7 590 493	2 824 676	(815 977)	9 599 192	3 133 715	879 617	(784 210)	3 229 122	6 370 070
<b>Plant and Equipment</b>	<b>24 840 667</b>	<b>32 746</b>	<b>(14 079 240)</b>	<b>10 794 173</b>	<b>15 137 238</b>	<b>2 119 980</b>	<b>(10 583 898)</b>	<b>6 673 321</b>	<b>4 120 852</b>
Fire Equipment	2 314 489	-	(189 769)	2 124 720	1 335 730	164 098	(144 799)	1 355 029	769 692
Plant and Equipment:									
General	1 274 416	-	(807 029)	467 387	667 423	140 481	(529 901)	278 002	189 385
Laboratory Equipment	3 262 245	-	(763 867)	2 498 377	2 050 202	213 411	(515 670)	1 747 943	750 434
Medical Equipment	88 655	-	(63 921)	24 734	57 258	7 206	(44 846)	19 618	5 116
Compressors	2 788 142	11 697	(331 128)	2 468 710	1 358 603	259 760	(222 964)	1 395 399	1 073 311
Radio Equipment	1 021 577	21 049	(160 015)	882 611	560 796	95 151	(127 651)	528 296	354 315
Tractors and Trailers	13 521 242	-	(11 469 430)	2 051 812	8 749 596	1 193 843	(8 804 524)	1 138 915	912 897
Lawnmowers	569 901	-	(294 080)	275 821	357 632	46 028	(193 542)	210 118	65 703
<b>Motor Vehicles</b>	<b>78 913 779</b>	-	<b>(2 648 556)</b>	<b>76 265 223</b>	<b>36 497 913</b>	<b>6 723 835</b>	<b>(1 274 684)</b>	<b>41 947 064</b>	<b>34 318 159</b>
Trucks and Bakkies	63 931 222	-	(927 589)	63 003 633	31 148 325	5 690 745	(366 155)	36 472 916	26 530 717
Fire Engines	9 114 137	-	-	9 114 137	2 206 767	586 536	-	2 793 303	6 320 834
Motor Vehicles	5 868 421	-	(1 720 967)	4 147 454	3 142 820	446 555	(908 529)	2 680 845	1 466 608
<b>ASPIRE</b>	<b>1 396 773</b>	<b>13 020</b>	-	<b>1 409 793</b>	<b>1 036 670</b>	<b>147 295</b>	-	<b>1 183 965</b>	<b>225 828</b>
<b>Grand Total</b>	<b>5 435 104 715</b>	<b>284 106 608</b>	<b>(51 198 394)</b>	<b>5 665 086 347</b>	<b>757 822 552</b>	<b>121 580 464</b>	<b>(15 509 830)</b>	<b>863 893 187</b>	<b>4 802 499 982</b>

Amathole District Municipality

Consolidated Annual Financial Statements

Appendix C - Segmental Analysis of Property, plant and equipment per department

for the year end 30 June 2017

Classifications	Cost				Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposal	Closing Balance	
	R	R	R	R	R	R	R	R	
Council & General	6 492 974	2 516 841	(1 961 016)	7 048 799	2 595 560	631 947	(1 140 475)	2 087 033	4 961 766
Strategic Management	53 590 757	45 358 856	(30 102 124)	68 847 488	10 750 026	10 020 315	(326 338)	20 444 003	48 403 486
Corporate Services	269 020 162	-	(1 522 618)	267 497 544	26 903 399	5 577 667	(884 007)	31 597 059	235 900 485
Budget & Treasury	10 263 363	63 104	(912 820)	9 413 647	4 713 683	885 991	(748 630)	4 851 044	4 562 603
O&M	33 481 379	45 736	(735 693)	32 791 423	11 128 213	2 978 654	(531 534)	13 575 333	19 216 090
Community Services	17 775 792	124 506	(531 450)	17 368 847	8 099 654	1 336 629	(440 862)	8 995 421	8 373 426
Engineering	5 030 163 961	234 349 898	(5 322 540)	5 259 191 318	684 528 245	98 854 586	(3 500 455)	779 882 375	4 479 308 943
Land, Human Settlement & Economic Development	12 199 301	-	(10 038 632)	2 160 670	7 781 735	1 081 732	(7 792 342)	1 071 125	1 089 544
Municipal Manager	720 254	14 887	(71 501)	663 640	285 366	65 649	(145 186)	205 829	457 811
Aspire	1 396 773	13 020	-	1 138 121	1 028 659	155 306	-	1 183 965	(45 844)
<b>Grand Total</b>	<b>5 435 104 715</b>	<b>282 486 847</b>	<b>(51 198 394)</b>	<b>5 666 121 497</b>	<b>757 814 541</b>	<b>121 588 475</b>	<b>(15 509 830)</b>	<b>863 893 187</b>	<b>4 802 228 310</b>

Amathole District Municipality  
Consolidated Annual Financial Statements  
Appendix D  
for the year ended 30 June 2017

2017	2017	2017		2016	2016	2016
Actual Income	Actual Expenditure	Surplus		Actual Income	Actual Expenditure	Surplus
R	R	R		R	R	R
<b>RATES AND GENERAL SERVICES</b>						
			<b>Legislative &amp; Executive Support Services</b>	54 484 712	51 568 234	2 916 478
2 228	35 449 939	(35 449 939)	Council General	83 270	12 314 210	(12 230 940)
	14 837 209	(14 834 981)	Mayoral Committee	(1 500)	11 463 227	(11 464 727)
	6 275 643	(6 275 643)	<b>Strategic Manager</b>	49 750 436	40 677 332	9 073 104
10 174	21 542 627	(21 542 627)	Municipal Support Unit	931 034	9 654 406	(8 723 371)
	6 809 142	(6 798 968)	Information Systems Unit	116 220	27 156 612	(27 040 392)
249 669	25 881 515	(25 881 515)	<b>Corporate Services</b>	86 765 821	87 360 660	(594 840)
	122 444 275	(122 194 606)	Human Resources	15 280 893	64 152 675	(48 871 782)
	22 651 905	(22 651 905)	<b>Budget and Treasury</b>	81 376 107	17 926 490	63 449 617
437	10 201 251	(10 200 814)	Accounting and Reporting	15 777 606	8 411 140	7 366 466
1 971 030	13 370 329	(11 399 299)	Asset Management	-	7 895 649	(7 895 649)
	7 183 463	(7 183 463)	Supply Chain Management	-	13 111 342	(13 111 342)
	12 290 853	(12 290 853)	Budgeting	-	2 958 075	(2 958 075)
	3 916 294	(3 916 294)	Revenue	72 446	58 481 334	(58 408 888)
118 027	59 869 494	(59 751 467)	Expenditure	-	5 580 641	(5 580 641)
	5 564 289	(5 564 289)	<b>Engineering Services</b>	1 124 094 621	357 602 704	766 491 917
4 815 032	319 495 760	(314 680 728)	Building and Services Planning	3 600	8 279 452	(8 275 852)
600	9 264 682	(9 264 082)	Solid Waste site	858 017	5 447 663	(4 589 646)
909 498	1 700 617	(791 120)	Transport	-	1 093 115	(1 093 115)
	768 675	(768 675)	Water Services Authority	100	11 884 065	(11 883 965)
	5 480 157	(5 480 157)	Project Management Unit	-	-	-
267 873 663	428 024 358	(160 150 695)	Operations and Maintenance Water and Sanitation	285 052 054	568 637 866	(283 585 812)
415 773 096	17 446 754	398 326 342	Management of Water Services Authority	75 681	91 311 246	(91 235 564)
	9 709 391	(9 709 391)	<b>Land Human Settlement &amp; Economic Development</b>	65 080 886	28 628 583	36 452 303
	3 182 385	(3 182 385)	Land Administration and Housing	3 233	10 020 177	(10 016 944)
	36 862 543	(36 862 543)	Economic Development	14 302 000	48 810 021	(34 508 021)
329 026 934	43 535 787	285 491 147	<b>Municipal Manager</b>	58 925 271	44 590 963	14 334 308
	3 493 757	(3 493 757)	Legal Fees	-	3 569 592	(3 569 592)
	9 056 968	(9 056 968)	Internal Audit	6 470	10 593 739	(10 587 269)
	-	-	Shared services module	-	2 141 090	(2 141 090)
	7 310 658	(7 310 658)	<b>Community Services</b>	74 495 655	11 710 079	62 785 575
	7 974 434	(7 974 434)	Disaster Management	-	9 812 210	(9 812 210)
	2 229 242	(2 229 242)	Community Safety Services	-	1 907 932	(1 907 932)
4 139 538	2 698 560	1 440 977	Municipal Health Services ADM	-	18 891 733	(18 891 733)
4 473 843	34 790 814	(30 316 971)	Fire Services	4 229 727	36 041 689	(31 811 963)
1 995	21 599 796	(21 597 802)	Municipal Health services LM's	-	3 543 713	(3 543 713)
-	-	-	Aspire	37 534 050	36 966 015	568 035
19 929 472	20 935 539	(1 006 067)				
<b>1 049 295 236</b>	<b>1 353 849 108</b>	<b>(304 553 871)</b>		<b>1 969 298 411</b>	<b>1 730 195 676</b>	<b>239 102 735</b>
-	-	-	Gain/(loss) on sale of assets	-	-	(5 698 121)
			Actuarial gains/losses			15 280 893
<b>1 049 295 236</b>	<b>1 353 849 108</b>	<b>(304 553 871)</b>	<b>Surplus for the year</b>	<b>1 969 298 411</b>	<b>1 730 195 676</b>	<b>248 685 507</b>

Amathole District Municipality  
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 APPENDIX F - DISCLOSURE OF GRANTS & SUBSIDIES IN TERMS OF MFMA  
 for the year ended 30 June 2017

CONDITIONAL GRANTS AND RECEIPTS	Transferring Department	Opening Balance	QUARTERLY RECEIPTS					Total Receipts	QUARTERLY EXPENDITURE				Total Expenditure	GRANTS & SUBSIDIES				Reason for delays/ withheld	Compliance with DORA	Reason for non compliance
			Sept 16	Dec 16	March 17	June 17	Sept 16		Dec 16	March 17	June 17	Sept 16		Dec 16	March 17	June 17				
			R	R	R	R	R		R	R	R	R		R	R	R				
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG) BUDGET REFORM	NT	(9 229)	(1 250 000)	-	-	-	(1 250 000)	45 055	97 898	101 095	717 041	961 089	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	NT	(332 403)	(574 000)	(1 034 000)	(689 000)	-	(2 297 000)	311 400	325 018	335 700	1 324 446	2 296 564	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	NT	-	-	-	(2 000 000)	-	(2 000 000)	-	-	2 000 000	-	2 000 000	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
WATER SERVICES INFRASTRUCTURE GRANT	DWS	677 144	(42 400 000)	(32 061 000)	(44 729 000)	-	(119 190 000)	4 637 573	14 024 892	26 967 658	69 633 356	115 263 479	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
REGIONAL BULK INFRASTRUCTURE GRANT	DWS (RBIG)	(1 275 522)	(6 770 672)	(5 587 737)	(4 718 888)	(5 040 549)	(22 117 845)	4 196 933	4 638 360	5 886 674	7 904 598	22 626 565	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
ROAD ASSET MANAGEMENT SYSTEM	NT/Road and Transport	(60 448)	(1 806 000)	(1 000 000)	-	-	(2 806 000)	-	1 092 779	66 617	1 206 455	2 365 851	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	NT	192 615	(82 548 000)	(293 916 000)	(71 272 000)	-	(447 736 000)	77 706 358	72 226 820	89 251 444	205 566 964	444 751 586	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	ACIP	(278 766)	(2 124 812)	(416 424)	(152 145)	-	(2 693 380)	1 317 671	911 483	87 899	4 805	2 321 857	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
SETA: IMPLEMENTATION	LG SETA	(831 969)	(730 544)	(206 738)	(708 930)	(447 279)	(2 093 490)	352 581	-	-	-	352 581	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	DWS	(340 702)	-	-	-	-	-	147 386	-	-	-	147 386	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
PLANNING GRANT DLA	DHLG&TA	(1 495 157)	-	-	-	-	-	39 125	-	-	-	39 125	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MSIG: DATA CLEANSING PROJECT NCONKBE PH2	IN KIND	(4 026)	-	-	-	-	-	4 026	-	-	-	4 026	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MNQUMA WAR ON LEAKS	DWS	296 703	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
WATER SERVICES OPERATING GRANT- DWS REFURBISHMENT	DWS	(29 705)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
SHIXINI WATER SUPPLY	DWS	(6 487)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
WATER SERVICE SUPPORT	DWS	(562 068)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
COMMUNAL WATER STATIONS (DST/ CSIR)	DWS	(309 585)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
FREE BASIC SERVICES STRATEGY DEVELOPMENT	DWS	(330 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
VICTORIA POST	DHLG&TA	(152 250)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
TEKO SPRINGS/NDLOVINI	DHLG&TA	(68 161)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NEEDS CAMP	DHLG&TA	(33 714)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
HOGSBACK	DHLG&TA	(130 884)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
HAGA HAGA	DHLG&TA	(41 923)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
WILLOWVALE	DHLG&TA	(171 954)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
ELLIOTDALE	DHLG&TA	(9 274)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NDEVANA	DHLG&TA	(34 766)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MSOBOMVU	DHLG&TA	(57 530)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
HERTZOG	DHLG&TA	(84 070)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
GREAT KEI PLANNING FUNDS	DHLG&TA	(4 029)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MNQUMA PLANNING FUNDS	DHLG&TA	(110 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NGQUSHWA PLANNING FUNDS	DHLG&TA	(46 667)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NKONKUBE PLANNING FUNDS	DHLG&TA	(53 063)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MNQUMA SURVEY	DHLG&TA	(25 000)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
SURVEY INTEREST & CONTRIBUTION	DHLG&TA	(61 680)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NGQUSHWA SURVEY FUNDS	DHLG&TA	(177 510)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NKONKUBE SURVEY	DHLG&TA	(116 200)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
LEWIS SURVEY	DHLG&TA	(141 125)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
PRUDOE ENGINEERING DESIGN	DHLG&TA	(1 348)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
DONGWE ENGINEERING DESIGN	DHLG&TA	(9 499)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
KUBUSIE ESTABLISHMENT GRANT	DHLG&TA	(698)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
NDLOVINI ESTABLISHMENT GRANT	DHLG&TA	(8 986)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
DUCATS ESTABLISHMENT GRANT	DHLG&TA	(70 542)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
MACLEANTOWN ESTABLISHMENT GRANT	DHLG&TA	(16 849)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	
PRUDOE ESTABLISHMENT GRANT	DHLG&TA	(51 233)	-	-	-	-	-	-	-	-	-	-	N/A	N/A	N/A	N/A	N/A	Yes	N/A	



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CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2016	Contributions received during the year	Expenditure during the year	Balance at 30/06/2017
	R	R	R	R
<b>NATIONAL GOVERNMENT GRANTS</b>				
LOCAL GOVERNMENT: FINANCIAL MANAGEMENT GRANT: (FMG)	(9 229)	(1 250 000)	961 089	(298 139)
EXPANDED PUBLIC WORKS PROGRAMME INCENTIVE GRANT (EPWP)	(332 403)	(2 297 000)	2 296 564	(332 839)
WATER SERVICES INFRASTRUCTURE GRANT (WSIG)	677 144	(119 190 000)	115 263 479	(3 249 377)
REGIONAL BULK INFRASTRUCTURE GRANT (RBIG)	(1 275 522)	(22 117 845)	22 626 565	(766 802)
ROAD ASSET MANAGEMENT SYSTEM (RAMS)	(60 448)	(2 806 000)	2 365 851	(500 598)
MUNICIPAL INFRASTRUCTURE GRANT (MIG)	192 615	(447 736 000)	444 751 586	(2 791 799)
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)	-	(2 000 000)	2 000 000	-
ACIP - WW INFRASTRUCTURE REFURBISH R3 5M	(278 766)	(2 693 380)	2 321 857	(650 289)
UPGRADE INFRASTRUCTURE SANITATION (CONSOLIDATION OF ACCOUNTS)	(340 702)	-	147 386	(193 316)
MSIG: DATA CLEANSING PROJECT NKONKBE PH2	(4 026)	-	4 026	0
MNQUMA WAR ON LEAKS	296 703	-	-	296 703
WATER SERVICES OPERATING GRANT- DWS REFURBISHMENT	(29 705)	-	-	(29 705)
SHIXINI WATER SUPPLY	(6 487)	-	-	(6 487)
WATER SERVICE SUPPORT	(562 068)	-	-	(562 068)
COMMUNAL WATER STATIONS (DST/ CSIR)	(309 585)	-	-	(309 585)
FREE BASIC SERVICES STRATEGY DEVELOPMENT	(330 000)	-	-	(330 000)
<b>TOTAL NATIONAL GOVERNMENT GRANTS</b>	<b>(2 372 478)</b>	<b>(600 090 225)</b>	<b>592 738 404</b>	<b>(9 724 300)</b>
<b>PROVINCIAL GOVERNMENT GRANTS</b>				
PLANNING GRANT DLA	(1 495 157)	-	39 125	(1 456 032)
VICTORIA POST	(152 250)	-	-	(152 250)
TEKO SPRINGS/NDLOVINI	(68 161)	-	-	(68 161)
NEEDS CAMP	(33 714)	-	-	(33 714)
HOGSBACK	(130 884)	-	-	(130 884)
HAGA HAGA	(41 923)	-	-	(41 923)
WILLOWVALE	(171 954)	-	-	(171 954)
ELLIOTDALE	(9 274)	-	-	(9 274)
NDEVANA	(34 766)	-	-	(34 766)
MSOBOMVU	(57 530)	-	-	(57 530)
HERTZOG	(84 070)	-	-	(84 070)
GREAT KEI PLANNING FUNDS	(4 029)	-	-	(4 029)
MNQUMA PLANNING FUNDS	(110 000)	-	-	(110 000)
NGQUSHWA PLANNING FUNDS	(46 667)	-	-	(46 667)
NKONKOBÉ PLANNING FUNDS	(53 063)	-	-	(53 063)
MNQUMA SURVEY	(25 000)	-	-	(25 000)
SURVEY INTEREST & CONTRIBUTION	(61 680)	-	-	(61 680)
NGQUSHWA SURVEY FUNDS	(177 510)	-	-	(177 510)
NKONKOBÉ SURVEY	(116 200)	-	-	(116 200)
LEWIS SURVEY	(141 125)	-	-	(141 125)
PRUDOE ENGINEERING DESIGN	(1 348)	-	-	(1 348)
DONGWE ENGINEERING DESIGN	(9 499)	-	-	(9 499)
KUBUSIE ESTABLISHMENT GRANT	(698)	-	-	(698)
NDLOVINI ESTABLISHMENT GRANT	(8 986)	-	-	(8 986)
DUCATS ESTABLISHMENT GRANT	(70 542)	-	-	(70 542)
MACLEANTOWN ESTABLISHMENT GRANT	(16 849)	-	-	(16 849)
PRUDOE ESTABLISHMENT GRANT	(51 233)	-	-	(51 233)
DONGWE ESTABLISHMENT GRANT	(76 675)	-	-	(76 675)
TEKO SPRING ESTAB GRANT	(35 082)	-	-	(35 082)
NEEDS CAMP ESTABLISHMENT GRANT	(66 222)	-	-	(66 222)
TEKO SPRING TOP STRUCTURE	(106 438)	-	-	(106 438)
PRUDOE TOP STRUCTURE	(447 353)	-	-	(447 353)
DONGWE TOP STRUCTURE	(1 347 309)	-	-	(1 347 309)
NEEDSCAMP TOP STRUCTURE	(3 838)	-	-	(3 838)
DUCATS TOP STRUCTURE SUBSIDY	(23 234)	-	-	(23 234)
KUBUSI TOP STRUCTURE	(3 816)	-	-	(3 816)
LILYVALE KAYSERS BEACH ESTABLISHMENT GRANT	(2 643)	-	-	(2 643)
KAYSERS BEACH HOUSING PROJECT	(18 881)	-	-	(18 881)
LILYVALE ENG DESIGNS	(5 940)	-	-	(5 940)
RESTITUTION AWARD (DLA)	(20 897 062)	-	-	(20 897 062)
BENEFICIARY ADMINISTRATION (BREAKING NEW GROUND)	(3 215)	-	-	(3 215)
ENVIROMENTAL IMPACT ASSESMENT	(739 235)	-	-	(739 235)
GEO HYDROLOGY	(1 394 200)	-	-	(1 394 200)
BAWA FALLS LED	(102 936)	-	-	(102 936)
ELLIOTDALE BRICK MAKING	(232 803)	-	-	(232 803)
EC INFORMATION INITIATIVE SUPPORT	(5 755)	-	-	(5 755)
ECDOT: BUTTERWORTH INTERCHANGE	(1 673 308)	-	166 344	(1 506 964)
ROOF TOP RAIN WATER HARVESTING	(3 900)	-	-	(3 900)
NGQUSI RAIN WATER HARVESTING	(5 700)	-	-	(5 700)
SILWINDLALA WOMEN'S PROJECT	(2 303)	-	-	(2 303)
BALFOUR SAWMILLS	(8 019)	-	-	(8 019)
HIGHLANDS RESORTS	(75 836)	-	-	(75 836)



Amathole District Municipality  
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Annexure 1 - Conditional grants and receipts  
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CONDITIONAL GRANTS AND RECEIPTS	Balance at 01/07/2016	Contributions received during the year	Expenditure during the year	Balance at 30/06/2017
PEDDIE BRICKS MAKING	(1 495)	-	-	(1 495)
INKUTHALO HYDROPONICS	(1 524)	-	-	(1 524)
CAPACITY BUILDING FOR LM's	(5 128)	-	-	(5 128)
LED CAPACITY BUILDING - NGQUSHWA	(350 000)	-	-	(350 000)
CHATHA DEVELOPMENT	(2 413 456)	-	-	(2 413 456)
FINGOLAND REGIONAL AUTHORITY	(101 278)	-	-	(101 278)
DWESA - CWEBE RESTITUTIONAL	(5 308 303)	-	-	(5 308 303)
CO-OPERATIVES SPECIALIST	(22 280)	-	-	(22 280)
TOURISM SURVEY	(12 130)	-	-	(12 130)
NXUBA DAM CHALETS DEVELOPMENT	(6 264)	-	-	(6 264)
VUNA AWARDS	(9 289)	-	-	(9 289)
PUBLIC AWARENESS	(365)	-	-	(365)
TECHNICAL ASSISTANCE TO DEVELOP DISTRICT DEV PROFILE	(18 338)	-	-	(18 338)
<b>PROVINCIAL GOVERNMENT GRANTS</b>	<b>(38 705 668)</b>	<b>-</b>	<b>205 469</b>	<b>(38 500 199)</b>
<b>OTHER GRANT PROVIDERS</b>				
LG SETA Grants	(831 969)	(2 093 490)	352 581	(2 572 879)
PLOUGHING CONTACTORS-WARD 10	(1 155)	-	-	(1 155)
PLOUGHING CONTRACTOR-NGXAKAXA	(1 642)	-	-	(1 642)
PLOUGHING CONTRACTOR - Ward 15	(1 513)	-	-	(1 513)
<b>TOTAL OTHER GRANT PROVIDERS</b>	<b>(836 279)</b>	<b>(2 093 490)</b>	<b>352 581</b>	<b>(2 577 189)</b>
ASPIRE				
EC Adopt a Spot	(1 554 090)	(3 927 682)	4 486 024	(995 748)
EC-BCM Waste Management	(754 961)	-	1 770	(753 191)
Natural Resources Management	(825 577)	(4 077 690)	1 623 691	(3 279 576)
Industrial Development Coporation	(831 146)	-	-	(831 146)
Co-Ops Support	(200 000)	-	-	(200 000)
Department of Rural Development and Agrarian Land Reform	(405)	-	-	(405)
DEDEAT/ECDC-Emthonjeni Arts	(21 275)	-	-	(21 275)
DBSA Drylands fund- Ndakana	(5 439)	-	-	(5 439)
NDPG	(10 286 867)	(2 249 091)	10 701 308	(1 834 650)
<b>ASPIRE sub total</b>	<b>(14 479 760)</b>	<b>(10 254 463)</b>	<b>16 812 793</b>	<b>(7 921 430)</b>
<b>TOTAL GRANTS</b>	<b>(56 394 185)</b>	<b>(612 438 178)</b>	<b>610 109 247</b>	<b>(58 723 117)</b>

Amathole District Municipality  
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Annexure 2  
for the year ended 30 June 2017

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2016/2017											2015/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue - Standard</b>															
<i>Governance and administration</i>	953 685	2 436	956 121	–	–	956 121	337 104	–	619 017	0	0	–	–	–	1 541 666
Executive and council	854 265	568	854 834			854 834	334 764	–	520 069	39%	39%	–	–	–	1 342 277
Budget and treasury office	5 055	1 946	7 001			7 001	2 339	–	4 662	33%	46%	–	–	–	97 226
Corporate services	94 365	(78)	94 287			94 287	–	–	94 287	0%	0%	–	–	–	102 163
<i>Community and public safety</i>	16 556	39 123	55 679	–	–	55 679	8 615	–	47 064	0	0	–	–	–	78 729
Public safety	6 046		6 046			6 046	4 474	–	1 572	74%	74%	–	–	–	4 230
Housing	844	37 478	38 322			38 322	–	–	38 322	0%	0%	–	–	–	3
Health	9 666	1 646	11 311			11 311	4 142	–	7 170	37%	43%	–	–	–	74 496
<i>Economic and environmental services</i>	4 642	2 000	6 630	–	–	6 630	–	–	6 630	–	–	–	–	–	3 049
Planning and development	4 630	2 000	6 630			6 630	–	–	6 630	0%	0%	–	–	–	3 049
Road transport	13	–	13			13	–	–	13	0%	0%	–	–	–	–
<i>Trading services</i>	897 376	(13 767)	883 609	–	–	883 609	683 647	–	199 962	0	#DIV/0!	–	–	–	308 322
Water	780 179	(14 767)	765 412			765 412	616 399	–	149 014	81%	79%	–	–	–	214 659
Waste water management	117 197		117 197			117 197	67 248	–	49 949	57%	57%	–	–	–	92 805
Waste management	–	1 000	1 000			1 000	–	–	1 000	0%	#DIV/0!	–	–	–	858
<b>Total Revenue - Standard</b>	<b>1 872 260</b>	<b>29 792</b>	<b>1 902 039</b>	<b>–</b>	<b>–</b>	<b>1 902 039</b>	<b>1 029 366</b>	<b>–</b>	<b>1 745 359</b>	<b>0</b>	<b>#DIV/0!</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 931 765</b>
<b>Expenditure - Standard</b>															
<i>Governance and administration</i>	485 992	27 027	513 019	12 993	–	526 012	754 429	(351 632)	(228 417)	0	0	(12 022)	(12 022)	–	562 616
Executive and council	152 500	225	152 725	(7 421)	–	145 305	496 937	(351 632)	(351 632)	342%	326%	(7 362)	(7 362)	–	269 581
Budget and treasury office	118 454	(261)	118 193	(1 943)	–	116 250	112 396	–	3 854	97%	95%	–	–	–	114 365
Corporate services	215 038	27 063	242 100	22 357	–	264 457	145 096	–	119 361	55%	67%	(4 660)	(4 660)	–	178 670
<i>Community and public safety</i>	95 717	38 022	133 738	2 961	–	136 699	79 786	–	56 913	0	0	–	–	–	181 366
Public safety	44 898		44 898	–	–	44 898	34 791	–	10 107	77%	77%	–	–	–	47 762
Housing	10 467	37 475	47 941	4 839	–	52 781	3 182	–	49 598	6%	30%	–	–	–	10 020
Health	40 352	547	40 900	(1 879)	–	39 021	41 813	–	(2 792)	107%	104%	–	–	–	123 584
<i>Economic and environmental services</i>	43 101	1 986	45 087	(855)	–	44 232	36 863	6 440	7 369	0	0	–	–	–	47 006
Planning and development	42 172	1 986	44 158	(855)	–	43 303	36 863	6 440	6 440	85%	87%	–	–	–	45 851
Road transport	929		929		–	929	–	–	929	0%	0%	–	–	–	1 155
<i>Trading services</i>	737 517	(27 243)	710 275	(15 099)	–	695 176	461 836	41 923	233 340	0	#DIV/0!	–	–	–	902 242
Water	595 882	(28 243)	567 639	3 615	–	571 253	379 136	–	192 118	66%	64%	–	–	–	637 480
Waste water management	141 636		141 636	(18 713)	–	122 922	81 000	41 923	41 923	66%	57%	–	–	–	259 280
Waste management	–	1 000	1 000		–	1 000	1 701	–	(701)	170%	#DIV/0!	–	–	–	5 482
<b>Total Expenditure - Standard</b>	<b>1 362 327</b>	<b>39 792</b>	<b>1 402 119</b>	<b>–</b>	<b>–</b>	<b>1 402 119</b>	<b>1 332 914</b>	<b>(303 270)</b>	<b>69 205</b>	<b>0</b>	<b>#DIV/0!</b>	<b>(12 022)</b>	<b>(12 022)</b>	<b>–</b>	<b>1 693 230</b>
<b>Surplus/(Deficit) for the year</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 920</b>	<b>–</b>	<b>–</b>	<b>499 920</b>	<b>(303 548)</b>	<b>303 270</b>	<b>1 676 154</b>	<b>()</b>	<b>#DIV/0!</b>	<b>12 022</b>	<b>12 022</b>	<b>–</b>	<b>238 535</b>
<b>ASPIRE</b>															
Revenue - standard	20 001	3 448	23 449	–	–	23 449	20 051	–	3 398	14%	17%	–	–	–	37 534
Expenditure - standard	140 125	116 676	23 449	–	–	23 449	20 040	–	(3 409)	-15%	-2%	–	–	–	37 076
Deficit for the year ASPIRE	(120 124)	(113 228)					11		(11)						458
Surplus for the year GROUP	389 809	(123 228)	499 920			499 920	(303 537)	303 270	1 676 143	-1472%	#DIV/0!	12 022	12 022		238 993

Amathole District Municipality  
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**Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	2016/2017											2015/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Revenue by Vote</b>															
Vote 01 - Legislative & Executive Support Services	972	-	972	-	-	972	2	969	969	0%	0%	-	-	-	54 566
Vote 02 - Strategic Management	38 213	409	38 623	-	-	38 623	10	38 612	38 612	0%	0%	-	-	-	50 798
Vote 03 - Internally Funded Projects	-	-	-	-	-	-	-	-	-	#DIV/0!	100%	-	-	-	-
Vote 04 - Corporate Services	59 727	(78)	59 649	-	-	59 649	250	59 399	59 399	0%	0%	-	-	-	102 047
Vote 05 - Budget & Treasury	5 055	1 946	7 001	-	-	7 001	2 089	4 911	4 911	30%	41%	-	-	-	97 226
Vote 06 - Engineering Department	526 466	-	526 466	-	-	526 466	5 725	520 741	520 741	1%	1%	-	-	-	1 140 237
Vote 07 - Health & Protection Department	15 712	1 646	17 357	-	-	17 357	8 615	8 742	8 742	50%	55%	-	-	-	78 725
Vote 08 - Water & Sanitation Management	571 230	-	571 230	-	-	571 230	415 773	155 457	155 457	73%	73%	-	-	-	79
Vote 09 - Water Services	208 620	(13 767)	194 853	-	-	194 853	200 626	(5 773)	(5 773)	103%	96%	-	-	-	214 580
Vote 10 - Sanitation Services	117 160	-	117 160	-	-	117 160	67 248	49 912	49 912	57%	57%	-	-	-	92 805
Vote 11 - Land Human Settlement & Economic Development	5 078	39 478	44 556	-	-	44 556	-	44 556	44 556	0%	0%	-	-	-	68 129
Vote 12 - Municipal Management	324 027	159	324 186	-	-	324 186	329 027	(4 841)	(4 841)	101%	102%	-	-	-	58 932
<b>Total Revenue by Vote</b>	<b>1 872 260</b>	<b>29 792</b>	<b>1 902 052</b>	<b>-</b>	<b>-</b>	<b>1 902 052</b>	<b>1 029 366</b>	<b>872 686</b>	<b>872 686</b>			<b>-</b>	<b>-</b>	<b>-</b>	<b>1 958 124</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 01 - Legislative & Executive Support Services	54 518	(40)	54 478	(1 147)	-	53 331	56 563	(3 232)	(3 232)	106%	104%	(3 232)	(3 232)	-	75 346
Vote 02 - Strategic Management	92 159	195	92 354	(449)	-	91 904	54 233	37 671	37 671	59%	59%	-	-	-	77 488
Vote 03 - Internally Funded Projects	-	-	-	-	-	-	-	-	-	#DIV/0!	100%	-	-	-	-
Vote 04 - Corporate Services	155 696	27 063	182 759	22 357	-	205 116	145 096	60 020	60 020	71%	93%	-	-	-	151 513
Vote 05 - Budget & Treasury	118 454	(261)	118 193	(1 943)	-	116 250	112 396	3 854	3 854	97%	95%	-	-	-	114 365
Vote 06 - Engineering Department	32 292	-	32 292	(15 099)	-	17 193	782 181	(764 988)	(764 988)	4549%	2422%	(764 988)	(764 988)	-	81 187
Vote 07 - Health & Protection Department	85 250	547	85 797	(1 879)	-	83 918	76 604	7 315	7 315	91%	90%	-	-	-	81 907
Vote 08 - Water & Sanitation Management	205 103	-	205 103	-	-	205 103	-	205 103	205 103	0%	0%	-	-	-	128 596
Vote 09 - Water Services	381 927	(27 243)	354 684	-	-	354 684	-	354 684	354 684	0%	0%	-	-	-	397 000
Vote 10 - Sanitation Services	139 760	-	139 760	-	-	139 760	-	139 760	139 760	0%	0%	-	-	-	159 280
Vote 11 - Land Human Settlement & Economic Development	49 408	39 460	88 869	(1 401)	-	87 468	49 754	37 713	37 713	57%	101%	-	-	-	76 214
Vote 12 - Municipal Management	47 761	70	47 831	(439)	-	47 392	56 087	(8 695)	(8 695)	118%	117%	(8 695)	(8 695)	-	60 895
Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>1 362 327</b>	<b>39 792</b>	<b>1 402 119</b>	<b>-</b>	<b>-</b>	<b>1 402 119</b>	<b>1 332 914</b>	<b>69 205</b>	<b>69 205</b>			<b>(776 915)</b>	<b>(776 915)</b>	<b>-</b>	<b>1 403 791</b>
<b>Surplus/(Deficit) for the year</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>499 933</b>	<b>(303 548)</b>	<b>803 480</b>	<b>803 480</b>			<b>776 915</b>	<b>776 915</b>	<b>-</b>	<b>554 333</b>
<b>ASPIRE</b>															
<b>Revenue by Vote</b>															
Vote 14 Amothole Economic Development Agency	20 001	3 448	23 449	-	-	23 449	20 051	-	3 398	14%	17%	-	-	-	37 534
<b>Expenditure by Vote</b>															
Vote 14 Amothole Economic Development Agency	140 125	116 676	23 449	-	-	23 449	20 040	-	(3 409)	-15%	-2%	-	-	-	37 076
<b>Surplus for the year ASPIRE</b>	<b>(120 124)</b>	<b>(113 228)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>-</b>	<b>(11)</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>458</b>
<b>Surplus for the year GROUP</b>	<b>389 809</b>	<b>(123 228)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>499 933</b>	<b>(303 537)</b>	<b>803 480</b>	<b>803 469</b>	<b>0</b>	<b>0</b>	<b>776 915</b>	<b>776 915</b>	<b>-</b>	<b>554 791</b>

**Amathole District Municipality**  
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**Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): Municipality**

Description	2016/2017						2015/2016				
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
<b>R thousand</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>14</b>	<b>15</b>
<b>Revenue By Source</b>											
Service charges - water revenue	125 502	11 427	136 929	-	-	136 929	151 510		(14 581)	-	142 981
Service charges - sanitation revenue	49 848	-	49 848	-	-	49 848	66 459		(16 610)	-	67 861
Service charges - other	2 718	-	2 718	-	-	2 718	4 445		(1 727)	-	4 531
Rental of facilities and equipment	2 057	(910)	1 146	-	-	1 146	336		811	-	984
Interest earned - external investments	7 401	1 923	9 324	-	-	9 324	15 566		(6 242)	-	20 393
Interest earned - outstanding debtors	2 847	-	2 847	-	-	2 847	32 915		(30 068)	-	37 409
Fines	-	-	-	-	-	-	-		-	-	-
Transfers recognised - operational	743 733	-	743 733	-	-	743 733	741 023		2 710	-	733 619
Grants and subsidies	-	915	915	-	-	915	-		915	-	-
Other revenue	428 221	16 436	444 657	-	-	444 657	79 142		365 515	-	75 144
Gains on disposal of PPE	-	-	-	-	-	-	-		-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 362 327</b>	<b>29 792</b>	<b>1 392 119</b>	<b>-</b>	<b>-</b>	<b>1 392 119</b>	<b>1 091 395</b>		<b>300 724</b>	<b>-</b>	<b>1 082 922</b>
<b>Expenditure By Type</b>											
Employee related costs	646 856	9 153	656 008	-	1 189	657 198	624 355	-	32 842	-	622 528
Remuneration of councillors	15 026	-	15 026	-	(6 543)	8 483	14 428	(5 945)	(5 945)	-	14 130
Debt impairment	137 000	-	137 000	-	-	137 000	128 945	8 055	8 055	-	162 127
Depreciation & asset impairment	212 025	-	212 025	-	(99 028)	112 998	124 105	-	(11 108)	-	99 840
Finance charges	32 486	1 254	33 740	-	(13 747)	19 993	22 407	(2 414)	(2 414)	-	42 187
Bulk purchases	70 937	(4 000)	66 937	-	(47 938)	18 999	91 620	(72 622)	(72 622)	-	89 174
Contracted services	28 041	(10 539)	17 503	-	-	17 503	37 101	(19 599)	(19 599)	-	33 176
Transfers and grants	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	219 956	(35 660)	184 296	-	166 065	350 362	412 565	-	(62 203)	-	335 102
Loss on disposal of PPE	-	-	-	-	-	-	5 326	(5 326)	(5 326)	-	9 215
<b>Total Expenditure</b>	<b>1 362 327</b>	<b>(39 792)</b>	<b>1 322 535</b>	<b>-</b>	<b>-</b>	<b>1 322 535</b>	<b>1 460 854</b>	<b>(97 851)</b>	<b>(138 319)</b>	<b>-</b>	<b>1 407 479</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>(10 000)</b>	<b>(10 000)</b>	<b>-</b>	<b>-</b>	<b>69 584</b>	<b>(369 459)</b>	<b>97 851</b>	<b>439 043</b>	<b>-</b>	<b>(324 557)</b>
Transfers recognised - capital	479 633	-	479 633	-	-	479 633	423 906	55 726	55 726	-	629 800
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	30 300	-	30 300	-	-	30 300	-	-	30 300	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>579 516</b>	<b>54 447</b>	<b>55 726</b>	<b>525 069</b>	<b>-</b>	<b>305 243</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>579 516</b>	<b>54 447</b>	<b>55 726</b>	<b>525 069</b>	<b>-</b>	<b>305 243</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>579 516</b>	<b>54 447</b>	<b>55 726</b>	<b>525 069</b>	<b>-</b>	<b>305 243</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>509 933</b>	<b>(10 000)</b>	<b>499 933</b>	<b>-</b>	<b>-</b>	<b>579 516</b>	<b>54 447</b>	<b>55 726</b>	<b>525 069</b>	<b>-</b>	<b>305 243</b>

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure): GROUP

Description	2016/2017							2015/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	14	15
<b>Revenue By Source</b>											
Service charges - water revenue	125 502	11 427	136 929	-	-	136 929	151 510		(14 581)	-	142 981
Service charges - sanitation revenue	49 848	-	49 848	-	-	49 848	66 459		(16 610)	-	67 861
Service charges - other	2 718	-	2 718	-	-	2 718	4 445		(1 727)	-	4 531
Rental of facilities and equipment	2 057	(910)	1 146	-	-	1 146	336		811	-	984
Interest earned - external investments	7 401	2 073	9 474	-	-	9 474	15 760		(6 286)	-	20 451
Interest earned - outstanding debtors	2 847	-	2 847	-	-	2 847	32 915		(30 068)	-	37 409
Fines	-	-	-	-	-	-	-		-	-	-
Transfers recognised - operational	743 733	-	743 733	-	-	743 733	741 023		2 710	-	921 692
Grants and subsidies	-	915	915	-	-	915	-		915	-	-
Other revenue	430 721	24 713	455 434	-	-	455 434	79 797		375 637	-	5 708
Gains on disposal of PPE	-	-	-	-	-	-	-		-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>1 364 827</b>	<b>38 219</b>	<b>1 403 046</b>	<b>-</b>	<b>-</b>	<b>1 403 046</b>	<b>1 092 244</b>		<b>310 802</b>	<b>-</b>	<b>1 201 616</b>
<b>Expenditure By Type</b>											
Employee related costs	660 024	6 488	666 511	-	1 189	667 701	634 555	-	33 146	-	637 517
Remuneration of councillors	15 091	87	15 178	-	(6 543)	8 636	15 177	(6 542)	(6 542)	-	14 130
Debt impairment	137 000	(22)	136 978	-	-	136 978	128 945	8 033	8 033	-	162 127
Depreciation & asset impairment	212 410	-	212 410	-	(99 028)	113 383	124 261	-	(10 878)	-	100 024
Finance charges	32 486	1 254	33 740	-	(13 747)	19 993	11 480	8 513	8 513	-	42 190
Bulk purchases	70 937	(4 000)	66 937	-	(47 938)	18 999	91 620	(72 622)	(72 622)	-	89 174
Contracted services	28 041	(10 539)	17 503	-	-	17 503	37 800	(20 297)	(20 297)	-	33 176
Transfers and grants	-	-	-	-	-	-	6 010	(6 010)	(6 010)	-	-
Other expenditure	230 798	(144 563)	86 235	-	166 065	252 300	424 447	-	(172 147)	-	335 102
Loss on disposal of PPE	-	-	-	-	-	-	5 326	(5 326)	(5 326)	-	9 215
<b>Total Expenditure</b>	<b>1 386 787</b>	<b>(151 295)</b>	<b>1 235 493</b>	<b>-</b>	<b>-</b>	<b>1 235 493</b>	<b>1 479 623</b>	<b>(94 251)</b>	<b>(244 130)</b>	<b>-</b>	<b>1 422 655</b>
<b>Surplus/(Deficit)</b>	<b>(21 960)</b>	<b>(113 076)</b>	<b>(135 036)</b>	<b>-</b>	<b>-</b>	<b>167 553</b>	<b>(387 379)</b>	<b>94 251</b>	<b>554 932</b>	<b>-</b>	<b>(221 039)</b>
Transfers recognised - capital	479 633	-	479 633	-	-	479 633	423 906	55 726	55 726	-	629 800
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	30 300	-	30 300	-	-	30 300	-	-	30 300	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>509 933</b>	<b>(113 076)</b>	<b>374 897</b>	<b>-</b>	<b>-</b>	<b>677 486</b>	<b>36 527</b>	<b>55 726</b>	<b>640 959</b>	<b>-</b>	<b>408 761</b>
Taxation	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after taxation</b>	<b>509 933</b>	<b>(113 076)</b>	<b>374 897</b>	<b>-</b>	<b>-</b>	<b>677 486</b>	<b>36 527</b>	<b>55 726</b>	<b>640 959</b>	<b>-</b>	<b>408 761</b>
Attributable to minorities	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>	<b>509 933</b>	<b>(113 076)</b>	<b>374 897</b>	<b>-</b>	<b>-</b>	<b>677 486</b>	<b>36 527</b>	<b>55 726</b>	<b>640 959</b>	<b>-</b>	<b>408 761</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>509 933</b>	<b>(113 076)</b>	<b>374 897</b>	<b>-</b>	<b>-</b>	<b>677 486</b>	<b>36 527</b>	<b>55 726</b>	<b>640 959</b>	<b>-</b>	<b>408 761</b>

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Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding: Group

Vote Description	2016/2017											2015/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>Capital expenditure - Vote</b>															
<b>Multi-year expenditure</b>															
Vote 06 - Engineering Department	417 606	(72 543)	345 063	-	-	345 063	222 510	122 554	122 554	64%	53%			-	483 783
Vote 11 - Land Human Settlement & Economic Development	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	-
<b>Capital multi-year expenditure sub-total</b>	<b>417 606</b>	<b>(72 543)</b>	<b>345 063</b>	<b>-</b>	<b>-</b>	<b>345 063</b>	<b>222 510</b>	<b>122 554</b>	<b>122 554</b>					<b>-</b>	<b>483 783</b>
<b>Single-year expenditure</b>															
Vote 01 - Legislative & Executive Support Services	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	218
Vote 02 - Strategic Management	20 233	(181)	20 053	-	-	20 053	15 159	4 894	4 894	76%	75%			-	8 006
Vote 03 - Internally Funded Projects	-	-	-	-	-	-	-	-	-	0%	0%			-	-
Vote 04 - Corporate Services	-	64	64	-	-	64	-	64	64	0%	#DIV/0!			-	375
Vote 05 - Budget & Treasury	-	57	57	-	-	57	-	57	57	0%	#DIV/0!			-	272
Vote 06 - Engineering Department	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	286 334
Vote 07 - Health & Protection Department	-	1 144	1 144	-	1 276	2 419	-	2 419	2 419	0%	#DIV/0!			-	2 512
Vote 08 - Water & Sanitation Management	-	5 268	5 268	-	-	5 268	-	5 268	5 268	0%	#DIV/0!			-	1 270
Vote 09 - Water Services	-	197	197	-	15	212	-	212	212	0%	#DIV/0!			-	20 238
Vote 10 - Sanitation Services	-	49	49	-	(21)	27	-	27	27	0%	#DIV/0!			-	8 160
Vote 11 - Land Human Settlement & Economic Development	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	12
Vote 12 - Municipal Management	2 800	(1 501)	1 299	-	6	1 305	-	1 305	1 305	0%	0%			-	28
<b>Capital single-year expenditure sub-total</b>	<b>23 033</b>	<b>5 096</b>	<b>28 130</b>	<b>-</b>	<b>1 276</b>	<b>29 405</b>	<b>15 159</b>	<b>14 246</b>	<b>14 246</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>			<b>-</b>	<b>327 426</b>
<b>Total Capital Expenditure - Vote</b>	<b>440 640</b>	<b>(67 447)</b>	<b>373 193</b>	<b>-</b>	<b>1 276</b>	<b>374 468</b>	<b>237 669</b>	<b>136 800</b>	<b>136 800</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>			<b>-</b>	<b>811 209</b>
<b>Capital Expenditure - Standard</b>															
<b>Governance and administration</b>	<b>440 640</b>	<b>(74 104)</b>	<b>366 536</b>	<b>-</b>	<b>6</b>	<b>366 542</b>	<b>-</b>	<b>366 542</b>	<b>366 542</b>	<b>-</b>	<b>#DIV/0!</b>			<b>-</b>	<b>779 006</b>
Executive and council	420 406	(74 044)	346 362	-	6	346 368	-	346 368	346 368	0%	0%			-	770 531
Budget and treasury office	-	57	57	-	-	57	-	57	57	0%	#DIV/0!			-	272
Corporate services	20 233	(117)	20 116	-	-	20 116	-	20 116	20 116	0%	0%			-	8 203
<b>Community and public safety</b>	<b>-</b>	<b>1 144</b>	<b>1 144</b>	<b>-</b>	<b>1 276</b>	<b>2 419</b>	<b>-</b>	<b>2 419</b>	<b>2 419</b>	<b>-</b>	<b>#DIV/0!</b>			<b>-</b>	<b>2 523</b>
Public safety	-	-	-	-	880	880	-	880	880	0%	#DIV/0!			-	2 449
Housing	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	12
Health	-	1 144	1 144	-	396	1 539	-	1 539	1 539	0%	#DIV/0!			-	63
<b>Economic and environmental services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>			<b>-</b>	<b>-</b>
Planning and development	-	-	-	-	-	-	-	-	-	#DIV/0!	#DIV/0!			-	-
<b>Trading services</b>	<b>-</b>	<b>5 513</b>	<b>5 513</b>	<b>-</b>	<b>(6)</b>	<b>5 508</b>	<b>222 510</b>	<b>(217 002)</b>	<b>(217 002)</b>	<b>0</b>	<b>#DIV/0!</b>			<b>-</b>	<b>31 489</b>
Water	-	5 465	5 465	-	15	5 480	222 510	(217 029)	(217 029)	4060%	#DIV/0!			-	23 329
Waste water management	-	49	49	-	(21)	27	-	27	27	0%	#DIV/0!			-	8 160
Waste management	-	-	-	-	-	-	-	-	-	-	-			-	-
<b>Total Capital Expenditure - Standard</b>	<b>440 640</b>	<b>(67 447)</b>	<b>373 193</b>	<b>-</b>	<b>1 276</b>	<b>374 468</b>	<b>222 510</b>	<b>151 959</b>	<b>151 959</b>	<b>#DIV/0!</b>	<b>#DIV/0!</b>			<b>-</b>	<b>813 018</b>
<b>Funded by:</b>															
National Government	417 606	(72 543)	345 063	-	-	345 063	222 510	122 554	122 554	64%	53%			-	483 783
Provincial Government	-	-	-	-	-	-	-	-	-	-	-			-	-
District Municipality	-	-	-	-	-	-	-	-	-	-	-			-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-			-	-
<b>Transfers recognised - capital</b>	<b>417 606</b>	<b>(72 543)</b>	<b>345 063</b>	<b>-</b>	<b>-</b>	<b>345 063</b>	<b>222 510</b>	<b>122 554</b>	<b>122 554</b>					<b>-</b>	<b>483 783</b>
<b>Public contributions &amp; donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>-</b>
<b>Borrowing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			<b>-</b>	<b>286 320</b>
<b>Internally generated funds</b>	<b>23 033</b>	<b>5 096</b>	<b>28 130</b>	<b>-</b>	<b>1 276</b>	<b>29 405</b>	<b>15 159</b>	<b>14 246</b>	<b>14 246</b>	<b>52%</b>	<b>66%</b>			<b>-</b>	<b>42 915</b>
<b>Total Capital Funding</b>	<b>440 640</b>	<b>(67 447)</b>	<b>373 193</b>	<b>-</b>	<b>1 276</b>	<b>374 468</b>	<b>237 669</b>	<b>136 800</b>	<b>136 800</b>	<b>0</b>	<b>0</b>			<b>-</b>	<b>813 018</b>

**Amathole District Municipality**  
**Consolidated Annual Financial Statements**  
**Annexure 2**  
for the year ended 30 June 2017

**Reconciliation of Table A7 Budgeted Cash Flows: Group**

Description	2016/2017								2015/2016
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Audited Outcome
R thousand	1	2	3	6	7	9	10	11	12
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									
<b>Receipts</b>	<b>1 645 858</b>	<b>(81 904)</b>	<b>1 563 954</b>	<b>1 563 954</b>	<b>1 389 388</b>	<b>174 858</b>	<b>0</b>	<b>0</b>	<b>1 578 695</b>
Ratepayers and other	289 620	26 953	316 574	316 574	143 361	173 213	45%	49%	159 815
Government - operating	866 357	(110 781)	755 576	755 576	766 695	(11 118)	101%	88%	1 360 094
Government - capital	479 633		479 633	479 633	430 366	49 266	90%	90%	–
Interest	10 249	1 923	12 172	12 172	48 675	(36 503)	100%	100%	58 786
Tax receipts					292				
<b>Payments</b>	<b>(1 015 417)</b>	<b>10 547</b>	<b>(1 004 870)</b>	<b>(1 004 870)</b>	<b>(1 095 580)</b>	<b>(1 054 319)</b>	<b>0</b>	<b>0</b>	<b>(1 129 339)</b>
Suppliers and employees	(982 931)	9 293	(973 638)	(973 638)	(1 078 329)	(1 058 065)	111%	110%	(1 094 239)
Finance charges	(32 486)	1 254	(31 232)	(31 232)	(6 789)	(6 716)	100%	100%	(35 100)
Other		–	–	–	(10 462)	10 462	100%	100%	
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>630 442</b>	<b>(71 357)</b>	<b>559 084</b>	<b>559 084</b>	<b>293 808</b>	<b>(879 462)</b>	<b>0</b>	<b>0</b>	<b>449 356</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
<b>Receipts</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>125 864</b>	<b>(125 864)</b>	<b>0</b>	<b>0</b>	<b>162 214</b>
Proceeds on disposal of PPE		–	–	–	265	(265)	100%	100%	1 662
Decrease (Increase) in non-current debtors					2	(2)	100%	100%	33 404
Decrease (increase) other non-current receivables	–	–	–	–	125 598	(125 598)	100%	100%	127 147
Decrease (increase) in financial assets	–	–	–	–	–	–	100%	100%	
<b>Payments</b>	<b>(630 057)</b>	<b>112 087</b>	<b>(517 969)</b>	<b>(517 969)</b>	<b>(255 714)</b>	<b>(262 255)</b>	<b>0</b>	<b>0</b>	<b>(514 384)</b>
Capital assets	(630 057)	112 087	(517 969)	(517 969)	(255 714)	(262 255)	49%	41%	(514 384)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(630 057)</b>	<b>112 087</b>	<b>(517 969)</b>	<b>(517 969)</b>	<b>(129 850)</b>	<b>(388 119)</b>	<b>0</b>	<b>0</b>	<b>(352 170)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
<b>Receipts</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(2 164)</b>	<b>2 164</b>			<b>3 207</b>
Borrowing long term/refinancing	–	–	–	–	–	–			
Finance lease payments					(2 395)	2 395			2 907
Increase (decrease) in consumer deposits	–	–	–	–	232	(232)	100%	100%	300
<b>Payments</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(132 684)</b>	<b>132 684</b>	<b>0</b>	<b>0</b>	<b>(174 073)</b>
Repayment of borrowing	–	–	–	–	(132 684)	132 684	100%	100%	(174 073)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(134 848)</b>	<b>134 848</b>			<b>(170 866)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>385</b>	<b>40 730</b>	<b>41 115</b>	<b>41 115</b>	<b>29 110</b>	<b>(1 132 733)</b>	<b>0</b>	<b>0</b>	<b>(73 681)</b>
Cash/cash equivalents at the year begin:	220 485	–		220 485	131 365	89 120	60%	60%	205 046
Cash/cash equivalents at the year end:	205 046	–	41 115	246 161	160 475	85 686	65%	78%	131 365