Ugu District Municipality

UGU District Municipality
Annual financial statements
for the year ended 30 June 2018
Auditor General South Africa (AGSA)

General Information

Legal form of entity	Municipality (MFMA)
Nature of business and principal activities	District Micipality
The following is included in the scope of operation	Municipality: Provide community within Ugu District with Water and Sanitation services.
Mayoral committee	
Executive Mayor	Cllr MA Chiliza (Mayor)
	Cllr NH Gumede (Speaker)
Councillors	Cllr LMR Ngcobo
	Cllr SP Mthethwa
	Cllr MA Manyoni
	Cllr PH Mthiyane
	Cllr NT Zwane
	Cllr SN Caluza
	Cllr L Mzimela
	Cllr AD Ngubo
	Cllr PT Naude
	Cllr BE Machi
	Cllr M Gwabe
	Cllr IM Mavundla - Late(August 2017)
Grading of local authority	Grade 5
Chief Finance Officer (CFO)	Mr MS Dlamini (Appointed February 2018)
	Ms SP Ngilande (Contract ended November 2017)
Accounting Officer	Mr DD Naidoo
Registered office	28 Connor Street Port Shepstone Kwazulu-Natal 4240
Business address	28 Connor Street Port Shepstone Kwazulu-Natal 4240
Postal address	PO Box 33 Port Shepstone Kwazulu-Natal 4240
Auditors	Auditor General South Africa (AGSA) Registered Auditors
Website	www.ugu.gov.za

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Government Finance Audit and Risk 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)

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on page 6 to 103, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2018 and were signed on his behalf by :

Accounting Officer
Mr DD Naidoo

Audit Committee Report

We are pleased to present our report for the financial year ended 30 June 2018.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four (4) times per annum as per its approved terms of reference. During the current year seventeen (17) number of meetings were held.

Name of member	Number of meetings attended
Mr P Preston (Chairperson)	17
Mr B Dladla	13
Ms C Elliot	15
Ms B Jojo	16

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 166(2)(a) to (e) of the MFMA and Treasury Regulation 3.1.

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

The effectiveness of internal control

The quality of in year management and monthly/quarterly reports submitted in terms of the MFMA and the Division of Revenue Act.

Evaluation of annual financial statements

The audit committee has:

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

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

Internal audit

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

Auditor-General of South Africa

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: ______________________

Independent Auditor's Report

The accounting officer submits his report for the year ended 30 June 2018.

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Inventories	3	7 020 778	7 629 409
Current portion long- term receivables	4	28 277	58 731
Operating lease asset	5	39 699	45 030
Receivables from non-exchange transactions	6	98 638 875	31 390 384
VAT receivable	7	-	18 815 787
Receivables from exchange transactions	8	112 479 455	84 753 808
Cash and cash equivalents	9	41 801 195	180 503 687
		260 008 279	**323 196 836**
Non-Current Assets			
Investment property	10	31 650 000	30 242 482
Property, plant and equipment	11	3 989 800 194	3 913 420 776
Intangible assets	12	12 774 560	16 267 434
Investments in controlled entities	13	200	200
Long- term portion receivables	4	80 510	30 812
		4 034 305 464	**3 959 961 704**
Total Assets		**4 294 313 743**	**4 283 158 540**
Liabilities			
Current Liabilities			
Current portion long term liabilities	14	22 472 666	21 590 802
Operating lease liability	5	58 328	56 760
Payables from exchange transactions	15	177 584 250	174 051 588
VAT payable	16	18 275 845	-
Consumer deposits	17	21 084 866	20 830 963
Unspent conditional grants and receipts	18	116 663	400 000
Provisions	19	30 864 013	27 755 890
Bank overdraft	9	-	150 443
		270 456 631	**244 836 446**
Non-Current Liabilities			
Long term portion of Long term liabilities	14	84 026 340	104 930 511
Retirement benefit obligation	20	17 583 366	16 002 157
Other long-term employee benefits	21	16 444 569	15 456 907
		118 054 275	**136 389 575**
Total Liabilities		**388 510 906**	**381 226 021**
Net Assets		**3 905 802 837**	**3 901 932 519**
Accumulated surplus		3 905 802 837	3 901 932 519

* See Note 46

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	325 342 983	314 581 575
Rental of facilities and equipment	23	1 274 596	2 545 445
Other income	25	4 008 851	10 093 411
Interest received - investment	26	20 021 975	27 447 517
Total revenue from exchange transactions		**350 648 405**	**354 667 948**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	27	714 519 337	701 437 952
Total revenue	24	**1 065 167 742**	**1 056 105 900**
Expenditure			
Employee related costs	29	(373 218 925)	(330 968 190)
Remuneration of councillors	30	(9 019 533)	(8 323 243)
Depreciation and amortisation	31	(217 190 726)	(218 342 909)
Impairment loss/ Reversal of impairments	32	12 050 630	(36 127 337)
Finance costs	33	(10 382 875)	(10 625 404)
Lease rentals on operating lease		(5 531 176)	(3 781 614)
Bulk purchases	34	(94 489 718)	(77 790 321)
Contracted services	35	(170 534 417)	(123 002 185)
Transfers and Subsidies	36	(19 360 653)	(27 190 766)
General Expenses	37	(170 275 065)	(150 700 017)
Total expenditure		**(1 057 952 458)**	**(986 851 986)**
Operating surplus		**7 215 284**	**69 253 914**
Gain on disposal of assets		635 337	502 707
Gain/loss on Trade Receivables		(68 960)	-
Fair value adjustments	38	1 407 518	100 000
Inventories losses/write-downs	3	(5 318 861)	-
Loss from transfer of functions between entities not under common control		-	(30 512 574)
		(3 344 966)	**(29 909 867)**
Surplus for the year		**3 870 318**	**39 344 047**

* See Note 46

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2016	**3 862 588 472**	**3 862 588 472**
Changes in net assets		
Surplus for the year	39 344 047	39 344 047
Total changes	39 344 047	39 344 047
Opening balance as previously reported	3 907 616 854	3 907 616 854
Adjustments		
Prior year adjustments	(5 684 335)	(5 684 335)
Restated* Balance at 01 July 2017 as restated*	**3 901 932 519**	**3 901 932 519**
Changes in net assets		
Surplus for the year	3 870 318	3 870 318
Total changes	3 870 318	3 870 318
Balance at 30 June 2018	**3 905 802 837**	**3 905 802 837**
Note(s)	46	

* See Note 46

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		277 379 007	289 123 462
Grants		714 519 337	701 837 920
Interest income		20 021 975	27 447 517
		1 011 920 319	1 018 408 899
Payments			
Employee costs		(382 238 925)	(336 298 933)
Finance costs		(10 382 875)	(10 625 404)
Other payments		(447 003 581)	(410 539 166)
		(839 625 381)	(757 463 503)
Net cash flows from operating activities	40	**172 294 938**	**260 945 396**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(280 164 914)	(309 497 198)
Proceeds from sale of property, plant and equipment	11	(12 461 898)	395 359
Purchase of investment property	10	-	(642 482)
Purchase of other intangible assets	12	-	(8 299 609)
Proceeds from sale of financial assets		(19 244)	26 842
Net cash flows from investing activities		**(292 646 056)**	**(318 017 088)**
Cash flows from financing activities			
Repayment of current portion long term liabilities		(20 022 307)	(19 031 925)
Movement in other long-term employee benefits		987 662	-
Net cash flows from financing activities		**(19 034 645)**	**(19 031 925)**
Net increase/(decrease) in cash and cash equivalents		**(139 385 763)**	**(76 103 617)**
Cash and cash equivalents at the beginning of the year		180 353 244	256 456 861
Cash and cash equivalents at the end of the year	9	**40 967 481**	**180 353 244**

* See Note 46

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	429 071 000	(73 742 830)	**355 328 170**	325 342 983	**(29 985 187)**	
Rental of facilities and equipment	1 160 120	(43 658)	**1 116 462**	1 274 596	**158 134**	
Other income	6 816 984	(812 431)	**6 004 553**	4 008 851	**(1 995 702)**	
Interest received - investment	23 848 348	(21 642 926)	**2 205 422**	20 021 975	**17 816 553**	
Total revenue from exchange transactions	**460 896 452**	**(96 241 845)**	**364 654 607**	**350 648 405**	**(14 006 202)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	713 631 880	(265 329)	**713 366 551**	714 519 337	**1 152 786**	
Total revenue	**1 174 528 332**	**(96 507 174)**	**1 078 021 158**	**1 065 167 742**	**(12 853 416)**	
Expenditure						
Personnel	338 609 992	(34 072 000)	**304 537 992**	373 218 925	**68 680 933**	
Remuneration of councillors	11 812 495	(4 131 000)	**7 681 495**	9 019 533	**1 338 038**	
Depreciation and amortisation	120 657 656	-	**120 657 656**	217 190 726	**96 533 070**	
Impairment loss/ Reversal of impairments	3 000 000	-	**3 000 000**	850 613	**(2 149 387)**	
Finance costs	9 770 664	9 843 737	**19 614 401**	10 382 875	**(9 231 526)**	
Lease rentals on operating lease	-	-	**-**	5 531 176	**5 531 176**	
Bulk purchases	76 033 572	-	**76 033 572**	94 489 718	**18 456 146**	
Contracted Services	35 515 043	109 994 679	**145 509 722**	165 983 336	**20 473 614**	
Transfers and Subsidies	1	-	**1**	19 360 653	**19 360 652**	
General Expenses	255 174 030	(115 874 829)	**139 299 201**	172 236 102	**32 936 901**	
Total expenditure	**850 573 453**	**(34 239 413)**	**816 334 040**	**1 068 263 657**	**251 929 617**	
Operating surplus	**2 025 101 785**	**(130 746 587)**	**1 894 355 198**	**2 133 431 399**	**239 076 201**	
Gain on disposal of assets and liabilities	-	-	**-**	635 337	**635 337**	
Loss on foreign exchange	-	-	**-**	(68 960)	**(68 960)**	
Fair value adjustments	-	-	**-**	1 407 518	**1 407 518**	
Inventories losses/write-downs	-	-	**-**	(5 318 861)	**(5 318 861)**	
	-	**-**	**-**	**(3 344 966)**	**(3 344 966)**	
Surplus before taxation	**2 025 101 785**	**(130 746 587)**	**1 894 355 198**	**2 130 086 433**	**235 731 235**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**2 025 101 785**	**(130 746 587)**	**1 894 355 198**	**2 130 086 433**	**235 731 235**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	20 475 000	-	**20 475 000**	7 020 778	**(13 454 222)**	
Current portion long- term receivables	216 667	-	**216 667**	28 277	**(188 390)**	
Operating lease asset	-	-	**-**	39 699	**39 699**	
Receivables from non-exchange transactions	18 670 380	3 446 010	**22 116 390**	51 584 186	**29 467 796**	
Receivables from exchange transactions	138 305 863	-	**138 305 863**	112 479 455	**(25 826 408)**	
Cash and cash equivalents	165 697 116	(870 000)	**164 827 116**	41 801 195	**(123 025 921)**	
	343 365 026	**2 576 010**	**345 941 036**	**212 953 590**	**(132 987 446)**	
Non-Current Assets						
Investment property	26 000 000	(9 349 310)	**16 650 690**	31 650 000	**14 999 310**	
Property, plant and equipment	4 040 189 590	-	**4 040 189 590**	3 989 800 194	**(50 389 396)**	
Intangible assets	9 520 912	-	**9 520 912**	12 774 560	**3 253 648**	
Investments in controlled entities	-	-	**-**	200	**200**	
Current portion long- term receivables	613 000	-	**613 000**	80 510	**(532 490)**	
	4 076 323 502	**(9 349 310)**	**4 066 974 192**	**4 034 305 464**	**(32 668 728)**	
Total Assets	**4 419 688 528**	**(6 773 300)**	**4 412 915 228**	**4 247 259 054**	**(165 656 174)**	
Liabilities						
Current Liabilities						
Current portion long term liabilities	20 714 000	(4 138 607)	**16 575 393**	22 472 666	**5 897 273**	
Operating lease liability	-	-	**-**	58 328	**58 328**	
Payables from exchange transactions	206 635 291	-	**206 635 291**	177 584 249	**(29 051 042)**	
VAT payable	-	-	**-**	18 275 845	**18 275 845**	
Consumer deposits	22 815 981	-	**22 815 981**	21 084 866	**(1 731 115)**	
Unspent conditional grants and receipts	-	-	**-**	116 663	**116 663**	
Provisions	23 115 198	(326 912)	**22 788 286**	30 864 013	**8 075 727**	
	273 280 470	**(4 465 519)**	**268 814 951**	**270 456 630**	**1 641 679**	
Non-Current Liabilities						
Current portion long term liabilities	83 333 000	-	**83 333 000**	84 026 340	**693 340**	
Retirement benefit obligation	-	-	**-**	17 583 366	**17 583 366**	
Provisions	32 418 000	-	**32 418 000**	-	**(32 418 000)**	
Other long-term employee benefits	-	-	**-**	16 444 569	**16 444 569**	
	115 751 000	**-**	**115 751 000**	**118 054 275**	**2 303 275**	
Total Liabilities	**389 031 470**	**(4 465 519)**	**384 565 951**	**388 510 905**	**3 944 954**	
Net Assets	**4 030 657 058**	**(2 307 781)**	**4 028 349 277**	**3 858 748 149**	**(169 601 128)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	4 030 657 058	(2 307 781)	**4 028 349 277**	3 858 748 149	**(169 601 128)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Sale of goods and services	300 350 012	(49 671 660)	**250 678 352**	277 379 007	**26 700 655**	
Grants	753 823 558	(265 329)	**753 558 229**	714 519 337	**(39 038 892)**	
Interest income	24 319 552	(20 638 422)	**3 681 130**	20 021 975	**16 340 845**	
Other receipts	18 297 230	(856 089)	**17 441 141**	-	**(17 441 141)**	
	1 096 790 352	**(71 431 500)**	**1 025 358 852**	**1 011 920 319**	**(13 438 533)**	
Payments						
Employee costs	(348 244 963)	31 944 170	**(316 300 793)**	(382 338 925)	**(66 038 132)**	
Finance costs	(10 470 664)	(9 143 737)	**(19 614 401)**	(10 382 875)	**9 231 526**	
Other payments	381 427 060	(1 215 523)	**380 211 537**	(447 003 581)	**(827 215 118)**	
	22 711 433	**21 584 910**	**44 296 343**	**(839 725 381)**	**(884 021 724)**	
Net cash flows from operating activities	**1 119 501 785**	**(49 846 590)**	**1 069 655 195**	**172 194 938**	**(897 460 257)**	
Cash flows from investing activities						
Decrease (Increase) in non-current debtors	(310 549)	-	**(310 549)**	-	**310 549**	
Capital assets	(362 059 975)	16 130 201	**(345 929 774)**	(291 812 342)	**54 117 432**	
Net cash flows from investing activities	**(362 370 524)**	**16 130 201**	**(346 240 323)**	**(291 812 342)**	**54 427 981**	
Net increase/(decrease) in cash and cash equivalents	757 131 261	(33 716 389)	**723 414 872**	(119 617 404)	**(843 032 276)**	
Increase (decrease) in consumer deposits	1 086 475	-	**1 086 475**	-	**(1 086 475)**	
Repayment of borrowing	20 714 082	-	**20 714 082**	(19 034 645)	**(39 748 727)**	
Cash and cash equivalents at the end of the year	**778 931 818**	**(33 716 389)**	**745 215 429**	**(138 652 049)**	**(883 867 478)**	
Reconciliation						

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
2018											
Financial Performance											
Service charges	429 071 445	(73 742 830)	355 328 615	-		355 328 615	325 342 983		(29 985 632)	92 %	76 %
Investment revenue	20 000 000	(18 277 818)	1 722 182	-		1 722 182	20 021 975		18 299 793	1 163 %	100 %
Transfers recognised - operational	435 219 670	(435 219 670)	-	-		-	418 668 337		418 668 337	DIV/0 %	96 %
Other own revenue	11 825 452	(4 221 197)	7 604 255	-		7 604 255	4 292 901		(3 311 354)	56 %	36 %
Total revenue (excluding capital transfers and contributions)	**896 116 567**	**(531 461 515)**	**364 655 052**	**-**		**364 655 052**	**768 326 196**		**403 671 144**	**211 %**	**86 %**
Employee costs	(338 609 992)	34 072 020	(304 537 972)	-	-	(304 537 972)	(373 218 925)	-	(68 680 953)	123 %	110 %
Remuneration of councillors	(11 812 495)	4 131 704	(7 680 791)	-	-	(7 680 791)	(9 019 533)	-	(1 338 742)	117 %	76 %
Depreciation and asset impairment	(123 657 656)	-	(123 657 656)			(123 657 656)	(229 241 356)	-	(105 583 700)	185 %	185 %
Finance charges	(9 770 664)	(9 843 737)	(19 614 401)	-	-	(19 614 401)	(10 382 875)	-	9 231 526	53 %	106 %
Materials and bulk purchases	(76 033 572)	(109 994 679)	(186 028 251)	-	-	(186 028 251)	(94 489 718)	-	91 538 533	51 %	124 %
Transfers and grants	(18 310 137)	-	(18 310 137)	-	-	(18 310 137)	(19 360 653)	-	(1 050 516)	106 %	106 %
Other expenditure	(281 341 029)	(1 708 613)	(283 049 642)	-	-	(283 049 642)	(346 340 658)	-	(63 291 016)	122 %	123 %
Total expenditure	**(859 535 545)**	**(83 343 305)**	**(942 878 850)**	**-**	**-**	**(942 878 850)**	**(1 082 053 718)**	**-**	**(139 174 868)**	**115 %**	**126 %**
Surplus/(Deficit)	**36 581 022**	**(614 804 820)**	**(578 223 798)**	**-**		**(578 223 798)**	**(313 727 522)**		**264 496 276**	**54 %**	**(858)%**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	278 412 210	(265 329)	278 146 881	-		278 146 881	295 851 000		17 704 119	106 %	106 %
Surplus (Deficit) after capital transfers and contributions	**314 993 232**	**(615 070 149)**	**(300 076 917)**	**-**		**(300 076 917)**	**(17 876 522)**		**282 200 395**	**6 %**	**(6)%**
Surplus/(Deficit) for the year	**314 993 232**	**(615 070 149)**	**(300 076 917)**	**-**		**(300 076 917)**	**(17 876 522)**		**282 200 395**	**6 %**	**(6)%**
Capital expenditure and funds sources											
Total capital expenditure	349 306 524	-	349 306 524	-		349 306 524	981 280 908		631 974 384	281 %	281 %
Sources of capital funds											
Transfers recognised - capital	279 445 219	-	279 445 219	-		279 445 219	1 238 271 092		958 825 873	443 %	443 %
Internally generated funds	69 861 305	-	69 861 305	-		69 861 305	309 567 773		239 706 468	443 %	443 %
Total sources of capital funds	**349 306 524**	**-**	**349 306 524**	**-**		**349 306 524**	**1 547 838 865**		**1 198 532 341**	**443 %**	**443 %**

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	339 553 050	(43 795 054)	295 757 996	-		295 757 996	172 294 938		(123 463 058)	58 %	51 %
Net cash from (used) investing	362 370 524	(16 130 201)	346 240 323	-		346 240 323	(292 646 056)		(638 886 379)	(85)%	(81)%
Net cash from (used) financing	20 714 082	-	20 714 082	-		20 714 082	(19 034 645)		(39 748 727)	(92)%	(92)%
Net increase/(decrease) in cash and cash equivalents	**722 637 656**	**(59 925 255)**	**662 712 401**	**-**		**662 712 401**	**(139 385 763)**		**(802 098 164)**	**(21)%**	**(19)%**
Cash and cash equivalents at the beginning of the year	(1 016 917)	(27 664 853)	(28 681 770)	-		(28 681 770)	180 353 244		209 035 014	(629)%	(17 735)%
Cash and cash equivalents at year end	**721 620 739**	**(87 590 108)**	**634 030 631**	**-**		**634 030 631**	**40 967 481**		**593 063 150**	**6 %**	**6 %**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
2017				
Financial Performance				
Service charges				314 581 575
Investment revenue				27 447 517
Transfers recognised - operational				391 139 000
Other own revenue				13 241 563
Total revenue (excluding capital transfers and contributions)				**746 409 655**
Employee costs	19 532	-	19 532	(330 968 190)
Remuneration of councillors	-	-	-	(8 323 243)
Depreciation and asset impairment	115 095 354	-	115 095 354	(254 470 246)
Finance charges	-	-	-	(10 625 404)
Bulk purchases	6 932 181	-	6 932 181	(77 790 321)
Transfers and grants	-	-	-	(27 190 766)
Other expenditure	39 148 284	-	39 148 284	(277 483 816)
Total expenditure	**161 195 351**	**-**	**161 195 351**	**(986 851 986)**
Surplus/(Deficit)				**(240 442 331)**
Transfers recognised - capital				310 298 952
Surplus (Deficit) after capital transfers and contributions				**69 856 621**
Surplus/(Deficit) for the year				**69 856 621**

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Capital expenditure and funds sources				
Total capital expenditure				1 519 337 777

Appropriation Statement

Figures in Rand

	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Cash flows				
Net cash from (used) operating				260 945 396
Net cash from (used) investing				(318 017 088)
Net cash from (used) financing				(19 031 925)
Net increase/(decrease) in cash and cash equivalents				**(76 103 617)**
Cash and cash equivalents at the beginning of the year				255 707 023
Cash and cash equivalents at year end				**179 603 406**

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

Accounting Policies

1.3 Transfer of functions between entities under common control

Definitions

An acquiree is the municipality and / or the functions that the acquirer obtains control of in a transfer of functions.

An acquirer is the municipality that obtains control of the acquiree or transferor.

Carrying amount of an asset or liability is the amount at which an asset or liability is recognised in the statement of financial position.

Control is the power to govern the financial and operating policies of another municipality so as to benefit from its activities.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential.

A merger is the establishment of a new combined entity in which none of the former entities obtains control over any other and no acquirer can be identified.

Transfer date is the date on which the acquirer obtains control of the function and the transferor loses control of that function.

A transfer of functions is the reorganisation and/or the re-allocation of functions between entities by transferring functions between entities or into another municipality.

A transferor is the municipality that relinquishes control of a function.

Common control - For a transaction or event to occur between entities under common control, the transaction or event needs to be undertaken between entities within the same sphere of government or between entities that are part of the same economic entity. Entities that are ultimately controlled by the same entity before and after the transfer of functions are within the same economic entity.

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving an municipality's objectives, either by providing economic benefits or service potential. A function consists of inputs and processes applied to those inputs that have the ability to create outputs. A function can either be a part or a portion of an entity or can consist of the whole municipality. Although functions may have outputs, outputs are not required to qualify as a function. The three elements of a function are defined as follows:

- Input: Any resource that creates, or has the ability to create, outputs when one or more processes are applied to it.
- Process: Any system, standard, protocol, convention or rule that when applied to an input or inputs, creates or has the ability to create outputs.
- Output: The result of inputs and processes applied to achieve and improve efficiency. This may be in the form of achieving service delivery objectives, or the delivery of goods and/or services.

1.4 Significant judgements and sources of estimation uncertainty

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

Trade receivables / Held to maturity investments and/or loans and receivables

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

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

1.4 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

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.

Post retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 20.

Allowance for doubtful debts

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

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

1.5 Investment property (continued)

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

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 part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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.

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 period.

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

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

Property, plant and equipment is initially measured at cost.

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

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

1.6 Property, plant and equipment (continued)

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

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

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

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

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

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	5 to 30 years
Infrastructure - Security measures	Straight line	7 to 25 years
Infrastructure - Sewerage	Straight line	7 to 60 years
Infrastructure - Water	Straight line	5 to 100 years
Other - Computer equipment	Straight line	3 to 10 years
Other - Furniture and fittings	Straight line	3 to 15 years
Other - Office equipment	Straight line	3 to 15 years
Other - Plant and equipment	Straight line	10 to 15 years
Other - Specialised vehicles	Straight line	5 to 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

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 method used reflects the pattern in which the asset’s future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

1.6 Property, plant and equipment (continued)

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

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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 municipality; and
- the cost or fair value of the asset can be measured reliably.

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:
- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

1.7 Intangible assets (continued)

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software	Straight line	2 to 5 years
Servitudes	Straight line	Infinitive

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note).

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

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

1.8 Investments in controlled entities

In the municipality’s separate annual financial statements, investments in investments in controlled entities are carried at cost.

1.9 Financial instruments

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

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

A concessionary loan is a loan granted to or received by an municipality on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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 municipality’s statement of financial position.

1.9 Financial instruments (continued)

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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, an 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 municipality; or
- a contractual right to:
  - receive cash or another financial asset from another municipality; or
  - exchange financial assets or financial liabilities with another municipality under conditions that are potentially favourable to the municipality.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:
- deliver cash or another financial asset to another municipality; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the municipality.

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 municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

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.

1.9 Financial instruments (continued)

A residual interest is any contract that manifests an interest in the assets of an municipality after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:
- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an municipality's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an municipality.

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 municipality 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 municipality 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.

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

Class	Category
Long-term receivables	Financial asset measured at amortised cost
Receivables from exchange transcations	Financial asset measured at amortised cost
Receivables from non-exchange transcations	Financial asset measured at amortised cost
Investments	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Annuity Loans	Financial liability measured at amortised cost
Financial lease libility	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at fair value

1.9 Financial instruments (continued)

Initial recognition

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

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

The municipality measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

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

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

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

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, an municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

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 municipality 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.

Where the municipality cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the municipality reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

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.

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

1.9 Financial instruments (continued)

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

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

1.9 Financial instruments (continued)

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

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

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

If the municipality transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

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.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the municipality has retained substantially all the risks and rewards of ownership of the transferred asset, the municipality continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the municipality recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

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

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

1.9 Financial instruments (continued)

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.

Dividends or similar distributions 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.

Distributions to holders of residual interests are recognised by the municipality directly in net assets. Transaction costs incurred on residual interests are accounted for as a deduction from net assets. Income tax [where applicable] relating to distributions to holders of residual interests and to transaction costs incurred on residual interests are accounted for in accordance with the International Accounting Standard on Income Taxes.

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.

1.10 Tax

Value added tax

The Municipality and South Coast Developmet Agency accounts for value added tax on the payment basis in accordance with Section 15 (2) of the Value Added Tax (Act No. 89 of 1991).

Ugu South Coast Tourism accounts for valued added tax on the invoice basis in accordance with Section 15 (2) of the Value Added Tax Act (Act No. 89 of 1991).

1.11 Leases

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

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

Finance leases - lessee

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

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

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

Any contingent rents are expensed in the period in which they are incurred.

Accounting Policies

1.11 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

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

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

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

Operating leases - lessee

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

1.12 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:
- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

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

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

Consumable stores, raw materials, work - in - progress and finished goods are valued at the lower of cost and ne realisable value (net amount that the municipality expects to realise from the sale on the ordinary course of business). If inventories are to be distributed at no charged or for a nominal charge, they are valued at the lower of cost and current replacement cost.

Water inventory:

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes, etc.). However, water in dams, that are filled by natural resources and that has not been treated, therefore not regonised in the statement of financial position.

The basis of determining the cost of water purchased and not yet sold at statement of financial position date comprises all cost of purchase, cost of conversion and other cost incurred in bring the inventory to its present location and condition, net of trade discounts and rebates.

Water are purified effluent are valued by using the First Out Method, at the lowest of purified cost and net realisable value, insofar as it is stored and controlled in reservoirs at the year-end.

1.12 Inventories (continued)

Redundant and slow-moving inventories are identified and written down from cost to the net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable varible selling expenses. Differences arising on the mesurement of such Inventory at the lowest of cost and net realisable value are recognised in the statement of financial performance in the year in which they arise. 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 capitalsation to the cost of another asset.

1.13 Impairment of cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the 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 amount of an asset or a cash-generating unit is the higher its 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 municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

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

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

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

1.13 Impairment of cash-generating assets (continued)

Value in use

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

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

Basis for estimates of future cash flows

In measuring value in use the municipality:

- 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 municipality 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.

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.

1.13 Impairment of cash-generating assets (continued)

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.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality 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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

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

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

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

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

In allocating an impairment loss, the 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.

1.13 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

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

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

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

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

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.

1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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 managed with the 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.

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

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 municipality; or
- (b) the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

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

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

Irrespective of whether there is any indication of impairment, the 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.

Value in use

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

Depreciated replacement cost approach

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

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

Restoration cost approach

Restoration cost is the cost of restoring the service potential of an asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

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

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.

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

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

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

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

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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.

1.15 Share capital / contributed capital

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

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

If the municipality reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in surplus or deficit on the purchase, sale, issue or cancellation of the municipality’s own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.16 Employee benefits

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

1.16 Employee benefits (continued)

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting municipality, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting municipality's own creditors (even in liquidation) and cannot be paid to the reporting municipality, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting municipality to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an municipality's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

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.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an municipality's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the municipality has indicated to other parties that it will accept certain responsibilities and as a result, the municipality 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 cellphones) 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 municipality measure 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 entity recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

1.16 Employee benefits (continued)

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.

Post-employment benefits: Defined contribution plans

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

When an employee has rendered service to the municipality during a reporting period, the municipality recognise 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 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 contribution in the cost of an asset.

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

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

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 entity account 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 municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality'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 amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

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

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

1.16 Employee benefits (continued)

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

The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- 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 municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

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

1.16 Employee benefits (continued)

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 municipality 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 municipality 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 municipality 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.

1.16 Employee benefits (continued)

Termination benefits

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

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

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

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

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

1.17 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:
- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:
- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

Accounting Policies

1.18 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:
- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

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

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 municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality 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 municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

1.19 Revenue from exchange transactions (continued)

Interest, royalties and dividends

Revenue arising from the use by others of municipal assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Service charges

Service charges are levied in terms of approved tariffs.

Services charges from water based on consumption. Metres are read on a monthly basis are recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional metre reading of consumption are recognised as revenue when invoiced. Adjustments to provisional meter reading of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date.

Services charges from sewerage and santitation are based on the type of services and the number of sewer connections on all developed property and water consumption, using the tariffif approved by the Council, and are levied monthly.

In circumstances where services cannot readily be measured and quantified , a flat rate service charge is levied monthly on such properties.

Finance Income

Interest earned on investments is recognised in the statement of financial performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the statement of financial performance.

(i) Interest earned on unspent conditional grants is allocated directly to the creditor: Unspent conditional grants, if the grant conditions indicate that interest is payable to the funder.

Rental received

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

Tarrif charges

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

1.20 Revenue from non-exchange transactions

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

1.20 Revenue from non-exchange transactions (continued)

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

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

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

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

Recognition

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

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

Measurement

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

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

Transfers

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

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

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 municipality and the fair value of the assets can be measured reliably.

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality’s operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

1.20 Revenue from non-exchange transactions (continued)

Grants in aid

The municipality transfers money to individuals , originisations and other sectors of goverment from time to time. When making these transfer, the municipality does not:

- Received any goods or services directly in return, as would be expected in a purchase or sale transactions
- Expect to be repaid in future; or
- Expected a financial return, as would be expected from an investment .

These transfers are recognised in the financial performance as expenses in the period that the events give rise to transfer occurred.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or services potential associated with the transaction will flow to the economic entity
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with grant.

The municipality assesses the degree of certainity attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or services potential associated with these transactions will flow to the entity. An announcement at the beginning of the financial year that grants may be available for qualifying entities inn accordance with an agreeded programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period,such revenue is recognised on receipt or when the Act becomes effective, which-ever is earlier.

When government remit grantson a re-imbursement basis, revenue is recognised when the qualifying expenses has been incurred and to the extent that a;ds4ny other restrictions have been complied with.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of conmpliance to these stipulations it would be enforced by the transferor, a liability is recogonised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforcable, or were past experience has indicated that the transferror has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the statement of financial support to the municipality with no future related costs, are recognised in the ststement of financial performance in the period which they become receivable.

Interest earned on investments is treated in accordance with grants conditions. If it is payable to the funder it is recorded as part of the creditor anf if is the municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

Revenue 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 are brought into use.

Public contrbution and donation received

Public contributions and donations received are recognised as reveue when:

- It is probable that the economic benefits or services potential associated with the transaction will flow to the municipality;
- the amount of revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

If goods in - kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced when the revenue is recognised as the conditions are satisfied.

Assets acquired from non- exchange transactions are measured at fair value in accordance with the Standards of GRAP.

Revenue from recovery of unauthorised, irregular and wasteful expenditure

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 vitually certain. Such revenue is based on legislated procedures.

1.21 Investment income

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

1.22 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.

1.23 Comparative figures

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

1.24 Unauthorised expenditure

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

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

1.25 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.

1.26 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

1.26 Irregular expenditure (continued)

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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

1.27 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

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

The approved budget covers the fiscal period from 2017/07/01 to 2018/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements as the recommended disclosure when the annual financial statements and the budget are on the same basis of accounting as determined by National Treasury.

Comparative information is not required.

1.28 Related parties

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

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

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

Accounting Policies

1.28 Related parties (continued)

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

1.29 Events after reporting date

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

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

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

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

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods:

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2018 or later periods but are not relevant to its operations:

3. Inventories

	2018	2017
Consumable stores	11 744 811	7 134 523
Water	594 828	494 886
	12 339 639	7 629 409
Inventories (write-downs)	(5 318 861)	-
	7 020 778	**7 629 409**

The municipality has identified and measured all inventory in terms of GRAP 12 for the financial year ended 30 June 2018.

The cost of water production for the year amounted to R2,20 per kilolitre (2017: R2.08 per kilolitre).

No inventories have been pledged as collateral for liabilities of the municipality.

4. Current portion long- term receivables

	2018	2017
At amortised cost		
Sundry Recoveries	236 496	217 252
Sundry recoveries are made of recoveries that are receivable from employees as results of damages to municipality belongings and employee has acknowlegded the negligence. The sundry loans are not secured and are interest free. The average term of these loans 1 to 5 years		
	236 496	217 252
Impairments	(127 709)	(127 709)
	108 787	**89 543**

	2018	2017
Non-current assets		
At amortised cost	80 510	30 812
Current assets		
At amortised cost	28 277	58 731

5. Operating lease asset (accrual)

	2018	2017
Current assets	39 699	45 030
Current liabilities	(58 328)	(56 760)
	(18 629)	**(11 730)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

5. Operating lease asset (accrual) (continued)

Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable operating leases the current assets and current liabilities (accrual) have been recognised as above.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

5. Operating lease asset (accrual) (continued)

Operating lease asset		
Balance at beginning of year	45 030	46 289
Operating lease revenue recorded	235 948	383 220
Operating lease revenue from smoothing	(241 278)	(384 479)
	39 700	**45 030**

Leasing arrangements

The municipality as lessor:

Operating leases relate to property owned by the municipality with lease terms of between 1 to 3 years, with an option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Amounts receivable under operating leases

At the reporting date the following minimum lease payments were receivable under non-cancellable operating leases for property, plant and equipment, which are receivable as follows:

Up to 1 year	235 948	235 948
2 to 5 years	157 299	393 247
	393 247	**629 195**

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been a decrease in current year income of R 39 700 (2017: R45 030).

The following restrictions (if any) have been imposed by the municipality in terms of the (specify) lease agreements:

(i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.

(ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.

(iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

Operating lease accrual

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13.

Balance at beginning of year	56 759	55 585
Operating lease expenses recorded	(3 658 740)	(2 682 872)
Operating lease payments from smoothing	3 660 308	2 684 046
	58 327	**56 759**

Leasing arrangements

The municipality as lessee

Operating leases relate to property, plant and equipment with lease terms not longer than 5 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

Amounts payable under operating lease

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

5. Operating lease asset (accrual) (continued)

At the reporting date the municipality had outstanding commitments under non-cancellable operating leases for property, plant and equipment, which fall due as follows:

Within one year	1 522 354	1 751 981
In the second to third years, inclusive	781 944	1 995 746
	2 304 298	**3 747 727**

The following payments have been recognised as an expense in the Statement of Financial Performance:

Minimum lease payments	-	-	2 192 772	3 734 615

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Office equipment

The following restrictions have been imposed on the municipality in terms of the lease agreements on office equipment:

(i) The equipment shall remain the property of the lessor.

(ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.

(iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.

(iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

6. Receivables from non-exchange transactions

Payments made in advance	9 748 306	10 045 723
Water Availability Charges	73 871 169	11 468 337
Sundry deposits	2 865 840	1 604 432
Sundry debtors	12 153 560	8 271 892
	98 638 875	**31 390 384**

The average credit period for government grants and subsidies is dependent on the government department involved and the nature of the claim. No interest is charged on outstanding government grants and subsidies.

Insurance claims are amounts which are claimable in terms of the insurance contract entered into by the municipality. The average waiting period depends on the nature of the claim. No interest is charged on outstanding insurance claims.

Sundry receivables are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its receivables.

None of the receivables have been pledged as security for the municipality's financial liabilities.

The management of the municipality is of the opinion that the carrying value of receivables approximate their fair values.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

6. Receivables from non-exchange transactions (continued)

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 2018, R 5 800 875 (2017: R 5 230 875) were past due but not impaired.

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

3 months past due	5 800 875	5 230 875

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	3 275 845	3 275 845

The Provision for Impairment on receivables exists predominantly due to the possibility that these amounts may not be recovered. The receivables were assessed individually and grouped together at the Statement of Financial Position as financial assets with similar credit risk characteristics and collectively assessed for impairment.

The provision for impairment was calculated after grouping all the financial assets of similar nature and risk ratings and assessing the recoverability.

In determining the recoverability of a receivable, the municipality considers any change in the credit quality of the receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to most of these being sundry in nature.

7. VAT receivable

VAT	-	18 815 787

VAT is payable on the payment basis.VAT is payed over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are effected before the due date.

8. Receivables from exchange transactions

Gross balances		
Water	305 080 711	257 576 356
Sewerage	91 381 000	72 063 342
Other trade	4 190 237	6 717 723
	400 651 948	**336 357 421**
Less: Allowance for impairment		
Water	(248 128 868)	(195 216 047)
Sewerage	(40 043 625)	(52 655 459)
Other trade	-	(3 732 107)
	(288 172 493)	**(251 603 613)**
Net balance		
Water	56 951 843	62 360 309
Sewerage	51 337 375	19 407 883
Other trade	4 190 237	2 985 616
	112 479 455	**84 753 808**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

8. Receivables from exchange transactions (continued)

Water		
Current (0 -30 days)	41 639 308	21 929 950
31 - 60 days	22 569 370	9 237 905
61 - 90 days	20 418 095	7 848 675
91 - 120 days	9 692 444	3 844 026
121 - 360 days	81 720 631	8 905 984
> 360 days	210 402 667	14 967 643
	386 442 515	**66 734 183**

Sewerage		
Current (0 -30 days)	15 846 201	8 720 300
31 - 60 days	5 603 163	3 560 882
61 - 90 days	4 238 880	2 542 895
91 - 120 days	2 794 227	1 008 582
121 - 360 days	20 444 865	1 950 456
> 360 days	13 355 153	1 624 768
	62 282 489	**19 407 883**

Other trade		
Current (0 -30 days)	815 263	724 223
31 - 60 days	-	48 402
61 - 90 days	410 842	-
91 - 120 days	404 330	2 914 366
121 - 360 days	807 844	6 532
	2 438 279	**3 693 523**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

8. Receivables from exchange transactions (continued)

Summary of debtors by customer classification

Households		
Current (0 -30 days)	27 222 430	21 911 228
31 - 60 days	19 440 177	11 685 124
61 - 90 days	17 967 992	12 983 166
91 - 120 days	8 658 257	9 232 279
121 - 360 days	74 585 789	54 431 298
> 360 days	186 621 463	147 766 129
	334 496 108	258 009 224
Less: Allowance for impairment	(232 307 803)	(216 711 548)
	102 188 305	**41 297 676**
Industrial/ commercial		
Current (0 -30 days)	29 098 446	11 505 705
31 - 60 days	6 203 024	3 121 644
61 - 90 days	5 571 814	3 039 231
91 - 120 days	3 229 527	2 237 627
121 - 360 days	18 451 955	12 423 841
> 360 days	31 374 376	20 782 026
	93 929 142	53 110 074
Less: Allowance for impairment	(43 201 362)	(41 627 667)
	50 727 780	**11 482 407**
National and provincial government		
Current (0 -30 days)	1 979 896	6 834 118
31 - 60 days	2 529 332	1 342 572
61 - 90 days	1 528 011	1 159 574
91 - 120 days	1 003 218	778 548
121 - 365 days	9 935 595	6 347 466
> 360 days	5 761 982	3 177 091
	22 738 034	19 639 369
Less: Allowance for impairment	(12 663 326)	(12 768 275)
	10 074 708	**6 871 094**
Total		
Current (0 -30 days)	85 663 214	37 422 452
31 - 60 days	24 646 673	16 149 340
61 - 90 days	12 500 787	17 181 972
91 - 120 days	18 421 969	12 248 454
121 - 360 days	6 902 963	73 202 605
> 360 days	314 737 996	235 084 554
	462 873 602	391 289 377
Less: Allowance for impairment	(288 172 493)	(278 897 160)
	174 701 109	**112 392 217**
Less: Allowance for impairment		
Current (0 -30 days)	-	(5 845 049)
31 - 60 days	-	(3 295 050)
61 - 90 days	(1 290 012)	(6 788 428)
91 - 120 days	(4 794 849)	(7 368 993)
121 - 360 days	(60 400 632)	(65 816 865)

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

8. Receivables from exchange transactions (continued)

> 360 days	(221 687 000)	(200 871 066)
	(288 172 493)	**(289 985 451)**

Reconciliation of allowance for impairment

Balance at beginning of the year	(278 897 160)	(266 277 254)
Contribution to allowance	(9 275 333)	(36 084 926)
Debt impairment written off against allowance	-	23 465 020
	(288 172 493)	**(278 897 160)**

No receivables from exchange transactions have been pledged as collateral for liabilities of the municipality.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	16 777 746	6 750 639
Short-term deposits	25 020 499	173 750 098
Other cash and cash equivalents	2 950	2 950
Bank overdraft	-	(150 443)
	41 801 195	**180 353 244**

Current assets	41 801 195	180 503 687
Current liabilities	-	(150 443)
	41 801 195	**180 353 244**

For the purposes of the Statement of Financial Position and the Cash Flow Statement, cash and cash equivalents include cash-on-hand, cash in banks and investments in money market instruments, net of outstanding bank overdrafts.

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
Long-term (AA+) Short-term (F1+)	42 010 219	14 462 797
Long-term (AA) Short-term (F1+)	-	45 736 436
Long-term (BB+) Short-term (F1)	-	75 000 000
Long-term (B) Short-term (F1)	-	45 151 061
	42 010 219	**180 350 294**

The municipality did not pledge any of its cash and cash equivalents as collateral for its financial liabilities.

Notes to the Annual Financial Statements

9. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA BANK - Port Shepstone - Account Number 406 668 6529 (Primary Bank Account):	10 043 395	544 163	726 453	10 043 395	(132 177)	456 884
ABSA BANK - Port Shepstone - Account Number 406 668 6472 (General Bank Account):	1 254 736	2 191 339	5 176 442	1 130 170	1 140 847	(2 306 145)
ABSA BANK - Port Shepstone - Account Number 406 668 6294 (Collection Account):	7 966	918 661	798 319	7 966	894 726	774 383
ABSA BANK - Port Shepstone - Account Number 406 671 0647 (Consumer Deposits Bank Account):	694 022	1 149 078	2 173 512	662 198	(18 266)	748 578
ABSA BANK - Port Shepstone - Account Number 406 660 3763 (Salaries Account):	63 210	195 614	118 612	57 880	195 614	118 612
ABSA BANK - Port Shepstone - Account Number 406 757 0977 (Sanlam Group Life Account):	4 730 823	4 468 607	4 243 781	4 730 824	4 468 607	4 243 781
ABSA BANK - Port Shepstone - Account Number 406 668 6367 (MIG Project Account):	50	50 836	50 896	50	50 836	50 896
ABSA BANK - Port Shepstone - Account Number 406 895 1879 :	233	172 122	81 731	233	172 122	81 731
ABSA BANK - Port Shepstone - Account Number 407 755 1917 (Conditional Grants Account):	126 501	9	37 161 575	126 501	9	37 161 575
Account Number 406 757 0008 (ABSA Call Account):	230 048	7 690 000	50 102 543	230 048	7 690 000	50 102 543
Account Number 908 888 2297 (ABSA Notice Deposit):	454	454	-	454	479	479
Account Number 625 155 61357 (FNB Call Account):	20 500	19 320	18 578	20 500	19 320	18 578
Account Number 74 761972882 (FNB Call Account):	10 000 000	45 131 741	65 000 000	10 000 000	45 131 741	65 000 000
Account Number 058 905 324 040 (Standard Bank Notice Deposit):	-	45 736 436	30 000 000	-	45 736 436	30 000 000
Account Number 764 855 2728 (Nedbank Fixed Deposit Account):	-	40 000 000	30 000 000	-	40 000 000	30 000 000
Account Number 1100 - 458627 (Investec Call Deposit):	15 000 000	35 000 000	40 000 000	15 000 000	35 000 000	40 000 000
Total	**42 171 938**	**183 268 380**	**265 652 442**	**42 010 219**	**180 350 294**	**256 451 895**

Notes to the Annual Financial Statements

Figures in Rand

10. Investment property

	2018			2017		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Investment property	31 650 000	-	31 650 000	30 242 482	-	30 242 482

Reconciliation of investment property - 2018

	Opening balance	**Fair value adjustments**	**Total**
Investment property	30 242 482	1 407 518	31 650 000

Reconciliation of investment property - 2017

	Opening balance	**Additions**	**Fair value adjustments**	**Total**
Investment property	29 500 000	642 482	100 000	30 242 482

The Municipality has classified the Ugu Fresh Produce Market, and Ugu Sports & Leisure Centre, as investment property in terms of its assets management policy.

Ugu Fres Produce Market is situated at Bhobhoyi – in the Port Shepstone Town Planning Scheme, lot no 3249 and measures approximately 85 000 square metres. The market offers 18 vendor stalls for retailers, refrigerated storage, a wholesale/agents sales hall, a state-of-the-art multi-purpose ripening facility, an office block, ample parking space, a taxi rank and plenty ablution facilities. The whole facility is secured with 24-hour security guards.

The municipality uses the fair value model to value its investment properties. For the year ending 30 June 2018 a fair value assessment was undertaken by Pierre Rynners Valuers. The valuation methodology applied is the income capitalisation approach, were by the net rental income is capitalised at an appropriate rate, in order to arrive at an estimate of market value. A fair value adjustment has been affected in the financial statements valuation.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

10. Investment property (continued)

Pledged as security

No investment properties have been pledged as collateral for liabilities of the municipality.

Revenue and expenditure disclosed in the Statement of Financial Performance include the following:

Rental revenue earned from investment property	426 468	417 557
Direct operating expenses	-	(1 137 950)
	426 468	**(720 393)**

11. Property, plant and equipment

	2018			2017		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Buildings	144 252 433	-	144 252 433	181 819 495	(38 309 670)	143 509 825
Infrastructure	7 098 349 090	(4 931 135 291)	2 167 213 799	7 051 849 926	(4 747 381 907)	2 304 468 019
Other property, plant and equipment	-	32 717 473	32 717 473	164 781 461	(127 236 552)	37 544 909
Capital work in progress	1 645 616 489	-	1 645 616 489	1 427 898 023	-	1 427 898 023
Total	**8 888 218 012**	**(4 898 417 818)**	**3 989 800 194**	**8 826 348 905**	**(4 912 928 129)**	**3 913 420 776**

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Impairment loss	Total
Buildings	143 509 825	-	-	3 341 578	-	(2 598 970)	-	144 252 433
Infrastructure	2 304 468 019	-	-	53 537 464	-	(189 941 071)	(850 613)	2 167 213 799
Other property, plant and equipment	37 544 909	15 790 700	(40 582)	-	-	(20 577 554)	-	32 717 473
Capital work in progress	1 427 898 023	274 597 508	-	-	(56 879 042)	-	-	1 645 616 489
	3 913 420 776	**290 388 208**	**(40 582)**	**56 879 042**	**(56 879 042)**	**(213 117 595)**	**(850 613)**	**3 989 800 194**

A register containing the information required by section 63 of Municipal Finance Act (56 of 2003) is available for inspection at the registered office of the municipality.

Notes to the Annual Financial Statements

Figures in Rand

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers received	Transfer to entities not under common control	Depreciation	Impairment loss	Total
Buildings	144 060 352	1 991 878	-	-	-	(2 542 405)	-	143 509 825
Infrastructure	2 435 244 790	-	-	90 601 921	(30 512 574)	(190 866 118)	-	2 304 468 019
Other property, plant and equipment	45 001 047	13 906 402	(309 219)	-	-	(21 019 512)	(33 809)	37 544 909
Capital work in progress	1 224 901 026	293 598 918	-	(90 601 921)	-	-	-	1 427 898 023
	3 849 207 215	**309 497 198**	**(309 219)**	**-**	**(30 512 574)**	**(214 428 035)**	**(33 809)**	**3 913 420 776**

The prior year comparative balances have been accordingly restated retrospectively. (See note: 46)

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

11. Property, plant and equipment (continued)

Pledged as security

No property, plant and equipment have been pledged as collateral for liabilities of the municipality..

Depreciation rates

Land	Straight line	Indefinite
Buildings	Straight line	5 to 30 years
Furniture and fixtures	Straight line	3 to 15 years
Motor vehicles	Straight line	4 to 15 years
Office equipment	Straight line	3 to 15 years
IT equipment	Straight line	3 to 10 years
Infrastructure - Security measures	Straight line	7 to 25 years
Infrastructure - Sewerage	Straight line	7 to 60 years
Infrastructure - Water	Straight line	5 to 100 years
Other property, plant and equipment	Straight line	2 to 15 years
Other assets	Straight line	5 to 30 years
Sport Facilities	Straight line	5 to 30 years
Other facilities	Straight line	5 to 30 years
Specialised vehicles	Straight line	10 to 15 years

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Employee related costs	-	2 094 687
Contracted services	-	67 134 510
Inventory	-	16 973 580
	-	**86 202 777**

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.

12. Intangible assets

	2018			2017		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Servitudes	-	-	-	2 659 160	-	2 659 160
Other intangible assets	12 774 560	-	12 774 560	45 053 143	(31 444 869)	13 608 274
Total	**12 774 560**	**-**	**12 774 560**	**47 712 303**	**(31 444 869)**	**16 267 434**

Reconciliation of intangible assets - 2018

	Opening balance	**Amortisation**	**Total**
Servitudes	2 659 160	(2 659 160)	-
Other intangible assets	13 608 274	(833 714)	12 774 560
	16 267 434	**(3 492 874)**	**12 774 560**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

12. Intangible assets (continued)

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Servitudes	2 659 160	-	-	2 659 160
Computer Software	8 801 539	8 299 609	(3 492 874)	13 608 274
	11 460 699	**8 299 609**	**(3 492 874)**	**16 267 434**

The amortisation expense has been included in the line item "Depreciation and amortisation" in the Statement of Financial Performance (see note 31).

Pledged as security

No intangible assets have been pledged as security for any liabilities of municipality.

Restrictions

The following restrictions apply to Intangible Assets:

- Financial Software

(i) The system is non-assignable, non-transferable, and the municipality has no exclusive rights to use the system

(ii) The system may be used on only one database at any one time.

(iii) The municipality, as the licensee, shall not grant usage of, or distribute, the system in its original or modified form, to a third party for the third party's benefit.

(iv) The municipality has no intellectual property rights to the system.

Refer to Appendix "B" for more detail on Intangible Assets.

Other information

A brief description of significant intangible assets controlled by the municipality but not recognised as assets because they did not meet the recognition criteria in this Standard or because they were acquired or generated before the version of IAS 38 Intangible Assets issued in 1998 was effective.

(i) Website costs incurred during the prior financial years have been expensed and not recognised as intangible assets . The municipality cannot demonstrate how it will generate probable future economic benifits:

Intangible assets with indefinite usefull life:

	2018	2017
Carrying value of servitudes: sewerage reticulation	1 486 723	1 486 723
Carrying value of servitudes: water reticulation	1 172 437	1 172 437
	2 659 160	**2 659 160**

Servitudes are regarded as having indefinite useful lives as they are registered permanently, the agreements not having a maturing date.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

13. Investments in controlled entities

Name of company	Held by	% holding 2018	% holding 2017	Carrying amount 2018	Carrying amount 2017
Ugu South Coast Tourism (Pty) Ltd	Ugu District Municipality	100.00 %	100.00 %	100	100
Ugu South Coast Development Agency NPC	Ugu District Municipality	100.00 %	100.00 %	100	100
				200	**200**

	2018	2017
Grants allocated to the entities:		
Ugu South Coast Tourism (Pty) Ltd	12 522 012	11 925 726
South Coast Development Agency NPC	5 788 128	5 512 500
	18 310 140	**17 438 226**

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

The municipality exercises control in the following companies

Ugu South Coast Tourism (Pty) Ltd is located and commencing its operations on 1 July 2009 in the Ugu District Municipal area, where the value of the investment is considered to be R100, being the issued share capital.

Ugu South Coast Development Agency, Ray Nkonyeni Municipality (former Hibiscus Coast Local Municipality) has entered in a Memorandum of Understanding to transfer of this company to Ugu District Municipality as from 01 July 2014.

All thirteen members serving on the board of directors of the municipal entity are nominated by the municipality’s executive committee. (13/13 = 100%)

14. Long-term liabilities

	2018	2017
At amortised cost		
Annuity Loans	106 499 006	126 521 313
The average annuity loans period varying from 1 to 13 (2017: 1 to 13) years and at interest rates varying from 2,65% to 11,51% (2017: 2,65% to 11,5%) per annum. Annuity loans are not secured		

Refer to Appendix “A” for more detail on external loans.

	2018	2017
Non-current liabilities		
At amortised cost	84 026 340	104 930 511
Current liabilities		
At amortised cost	22 472 666	21 590 802

15. Payables from exchange transactions

	2018	2017
Trade payables	48 430 072	28 314 265
Other creditors	50 659 906	83 183 043
Retentions	64 575 452	50 498 720
Staff bonuses	13 918 820	12 055 560
	177 584 250	**174 051 588**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

16. VAT payable

17. Consumer deposits

Water	21 084 866	20 830 963
Guarantees held in lieu of water deposits	481 980	495 780

No interest is paid on customer the water deposits held.

18. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Other spheres of government	-	400 000
Growth Development Summit	116 663	-
	116 663	**400 000**

Movement during the year

Balance at the beginning of the year	400 000	8 729 920
Additions during the year	714 236 000	693 108 032
Income recognition during the year	(714 519 337)	(701 437 952)
	116 663	**400 000**

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 36 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

19. Provisions

Reconciliation of provisions - 2018

	Opening Balance	Additions	Reversed during the year	Total
Current portion of post-retirement medical aid benefits liability	1 032 392	58 290	-	1 090 682
Current portion of long-service awards	1 557 626	1 096 605	-	2 654 231
Performance bonus provision	890 077	-	(149 433)	740 644
Leave provisions	24 275 795	2 102 661	-	26 378 456
	27 755 890	**3 257 556**	**(149 433)**	**30 864 013**

Reconciliation of provisions - 2017

	Opening Balance	Additions	Reversed during the year	Total
Current portion of post-retirement medical aid benefits liability	1 026 636	5 756	-	1 032 392
Current portion of long-service awards	2 381 593	-	(823 967)	1 557 626
Performance bonus provision	839 695	50 382	-	890 077
Leave pay provision	20 909 413	3 366 382	-	24 275 795
	25 157 337	**3 422 520**	**(823 967)**	**27 755 890**

20. Retirement benefit liabilities

Defined benefit plan

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

20. Retirement benefit liabilities (continued)

Post-retirement health care benefits liability

Balance at beginning of year	17 034 549	15 571 785
Contributions to provision	1 639 499	2 133 326
Balance at end of year	18 674 048	17 705 111
Transfer to current provisions	(1 090 682)	(1 032 392)
Actuarial loss/(gain)	(425 938)	(670 562)
	17 157 428	**16 002 157**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member is entitled to continue as a member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

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

In-service members (employees)	583	540
Continuation members	56	53
	639	**593**

The unfunded liability in respect of past service has been estimated as follows:

In-service members (employees)	9 960 300	8 697 510
Continuation members	8 713 748	8 337 039
	18 674 048	**17 034 549**

The current-service cost for the year ending 30 June 2018 is estimated to be R733 733, whereas the cost for the ensuing year is estimated to be R 781 002

Key assumptions used

The principal assumptions used for the purposes of the actuarial valuations was as follows:

Discount rates	9.26%	9.15%
Health care cost inflation	7.15%	7.49%
Net effective discount rate	1.97%	1.55%
Expected retirement age - females	63	63
Expected retirement age - males	63	63

Movements in the present value of the defined benefit obligation were as follows:

Balance at beginning of the year	17 034 549	16 598 421
Current services costs	733 733	692 810

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

20. Retirement benefit liabilities (continued)

Interest cost	1 512 220	1 440 516
Benefits paid	(1 032 392)	(1 026 636)
	18 248 110	17 705 111
Actuarial loss/(gain)	425 938	(670 562)
	18 674 048	**17 034 549**

The amounts recognised in the Statement of Financial Performance are as follows:

Current service cost	733 733	692 810
Interest cost	1 512 220	1 440 516
Actuarial losses/(gains)	425 938	(670 532)
	2 671 891	**1 462 794**

The history of experienced adjustments is as follows:

	2018	2017	2016	2015	2014	2013
Present value of defined benefit obligation	18 674 000	17 035 000	16 598 421	16 194 781	14 405 969	22 229 850
Deficit	18 674 000	17 035 000	16 598 421	16 194 781	14 405 969	22 229 850
Experienced adjustments on plan liabilities	(660 000)	(288 000)	(550 000)	729 000	(583 000)	(488 790)
	18 014 000	**16 747 000**	**16 048 421**	**16 923 781**	**13 822 969**	**21 741 060**

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

2018	Once percentage point increase	One percentage point decrease	Once percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	2 249	(2 241)	2 249	(2 241)
Effect on defined benefit obligation	(89 000)	104 500	(89 000)	104 500
	(86 751)	**102 259**	**(86 751)**	**102 259**

2017	Once percentage point increase	One percentage point decrease	Once percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	3 500	(4 400)	3 500	(4 400)
Effect on defined benefit obligation	(89 000)	104 500	(89 000)	104 500
	(85 500)	**100 100**	**(85 500)**	**100 100**

The municipality expects to make contribution of R2,460 million (2017: R2,245 million) to the defined benefit plans during the next financial year.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

21. Other long-term employee benefits

Provision for long service awards	19 098 800	15 456 907

The movement in non-current provisions are reconciled as follows:

Long-term service		
Balance at beginning of year	15 456 907	14 010 102
Contributions to provision	3 641 893	3 004 431
	19 098 800	17 014 533
Transfer to provisions	(2 654 231)	(1 557 626)
Balance at end of year	**16 444 569**	**15 456 907**

A long-service award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr C Weiss, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

At year-end, 911 (2017: 900) employees were eligible for long-service awards.

The current service costs for the year ending 30 June 2018 is estimated to be R1 714 384, whereas the cost for the ensuing year is estimated to be R 1 744 843.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	9.26%	8,52%
Cost inflation rate	7.15%	6.34%
Net effective discount rate	1.97%	2.05%
Expected retirement age - females	63	63
Expected retirement age - males	63	63

Movements in the present value of the defined benefit obligation were as follows:

Balance at beginning of the year	17 014 533	16 391 695
Current service costs	1 714 384	1 676 614
Interest cost	1 384 733	1 304 094
Benefits paid	(1 557 626)	(2 381 593)
Actuarial losses/(gains)	542 776	23 723
	19 098 800	**17 014 533**

The history of experienced adjustments is as follows:

	2018	2017	2016	2015	2014	2013
Present value of defined benefit obligation	19 098 800	17 014 533	16 391 695	14 105 372	11 670 683	9 150 868
Deficit	19 098 800	17 014 533	16 391 695	14 105 372	11 670 683	9 150 868
Experienced adjustments on plan liabilities	815 469	999 274	904 695	910 954	1 671 011	1 664 673

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

21. Other long-term employee benefits (continued)

19 914 269	**18 013 807**	**17 296 390**	**15 016 326**	**13 341 694**	**10 815 541**

In accordance with transitional provisions for the amendments to GRAP 25 employee benefits in December 2004, the disclosures above are determined prospectively from the 2006 reporting.

The effect of a 1% movement in the assumed rate of long-service cost inflation is as follows:

2018	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	3 344 200	(2 879 100)	3 344 200	(2 879 100)
Effect on defined benefit obligation	70 600	(76 800)	70 600	(76 800)
	3 414 800	**(2 955 900)**	**3 414 800**	**(2 955 900)**

2017	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Effect on the aggregate of the current service cost and the interest cost	243 300	(217 500)	243 300	(217 500)
Effect on defined benefit obligation	70 600	(76 800)	70 600	(76 800)
	313 900	**(294 300)**	**313 900**	**(294 300)**

The municipality expects to make a contribution of R3 641 893 (2017: R3 099 117) to the defined benefit plans during the next financial year.

22. Service charges

Sale of water	197 819 144	208 618 541
Sewerage and sanitation charges	127 523 839	105 963 034
	325 342 983	**314 581 575**

23. Rental of facilities and equipment

Premises		
Premises and Facilities	1 274 596	2 545 445

24. Revenue

Service charges	325 342 983	314 581 575
Rental of facilities and equipment	1 274 596	2 545 445
Other income	4 008 851	10 093 411
Interest received - investment	20 021 975	27 447 517
Government grants & subsidies	714 519 337	701 437 952
	1 065 167 742	**1 056 105 900**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	325 342 983	314 581 575
Rental of facilities and equipment	1 274 596	2 545 445
Other income	4 008 851	10 093 411
Interest received - investment	20 021 975	27 447 517
	350 648 405	**354 667 948**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

24. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	714 519 337	701 437 952

25. Other income

Administration fees	46 948	29 500
Building plan fees	49 821	123 460
Connection fees	1 447 009	1 551 129
Other revenue	552 412	887 863
Atmospheric emission licenses	178 170	553 834
Reconnection fees	93 554	549 036
Tender deposits	249 077	313 650
Water rates certificates	1 055 471	1 009 857
Developers fees	336 389	5 075 082
	4 008 851	**10 093 411**

26. Investment revenue

Interest revenue		
Short-term investments	9 633 421	1 853 184
Bank	6 143 252	21 573 146
Interest charged on trade and other receivables	4 245 302	4 021 187
	20 021 975	**27 447 517**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

27. Government grants and subsidies

Operating grants		
Equitable share	411 676 000	312 458 000
Levies replacement	-	63 873 000
Drought Relief Emergency (COGTA)	-	5 000 000
Finance Management Grant (FMG)	1 795 000	1 460 000
DWAF : Refurbish Rural Water Schemes	-	3 650 000
Expanded Public Works Programme	1 956 000	1 788 000
Development Planning Shared Services Support	400 000	400 000
Rural Transport Services	2 658 000	2 510 000
Growth Development Summit	183 337	-
	418 668 337	**391 139 000**

Capital grants		
Municipal Infrastructure Grant (MIG)	245 479 000	233 873 000
Disaster Management Centre (DMC) Grant	-	5 000 000
Mhlabatshane Bulk Scheme	-	12 776 000
Universal Access to water - Umdoni	-	79 952
Water Services Infrastructure Grant	50 372 000	58 570 000
	295 851 000	**310 298 952**
	714 519 337	**701 437 952**

National: equitable share

The equitable share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by National Treasury.

Current-year receipts	411 676 000	376 331 000
Conditions met - transferred to revenue: operating expenses	(411 676 000)	(376 331 000)
	-	-

Equitable Share

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

All registered indigents receive a monthly subsidy of R 214 (2017: R 209) towards the cost of basic services, which is funded from this grant.

Drought Relief Emergency (COGTA)

Current-year receipts	-	5 000 000
Conditions met - transferred to revenue: operating expenses	-	(5 000 000)
	-	-

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

DWAF grants are aimed at supplementing municipal budgets to assist with the construction of water delivery infrastructure, execution of water service delivery

Finance Management Grant (FMG)

Current-year receipts	1 795 000	1 460 000
Conditions met - transferred to revenue: operating expenses	(1 795 000)	(1 460 000)

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

27. Government grants and subsidies (continued)

	-	-

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

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

DWAF : Refurbish Rural Water Schemes

Balance unspent at beginning of year	-	3 650 000
Conditions met - transferred to revenue: operating expenses	-	(3 650 000)
	-	-

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

DWAF grants are aimed at supplementing municipal budgets to assist with the refurbishment of water delivery infrastructure, execution of water service delivery and the development of an Asset Management Plan.

Expanded Public Works Programme

Current-year receipts	1 956 000	1 788 000
Conditions met - transferred to revenue: operating expenses	(1 956 000)	(1 788 000)
	-	-

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

This is an incentive grant from Public Works for the promotion of labour intensive projects within the District. No funds were withheld.

Development Planning Shared Services Support

Current-year receipts	-	400 000
Conditions met - transferred to revenue: operating expenses	-	(400 000)
	-	-

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

Grants received from CoGTA are utilised to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required by the Municipal Structures Act.

District Growth and Development

Current-year receipts	300 000	-
Conditions met - transferred to revenue: operating expenses	(183 337)	-
	116 663	-

Rural Transport Services

Current-year receipts	2 658 000	2 510 000
Conditions met - transferred to revenue: operating expenses	(2 658 000)	(2 510 000)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

27. Government grants and subsidies (continued)

This funding was furnished by the KZN Department of Transport to assist with the preparation of a Public Transport Plan as required by the National Land Transport Transition Act, 2000..

Municipal Infrastructure Grant (MIG)

Current-year receipts	245 479 000	233 873 000
Conditions met - transferred to revenue: capital expenses	(245 479 000)	(233 873 000)
	-	-

The MIG grant is aimed at supplementing municipal budgets to eradicate backlogs in municipal infrastructure utilised in providing basic services for the benefit of poor households and for the provision, rehabilitation and renewal of municipal infrastructure. No funds were withheld.

Disaster Management Centre - DMC

Current-year receipts	-	5 000 000
Conditions met - transferred to revenue: capital expenses	-	(5 000 000)
	-	-

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

The Disaster Management Centre Grant is for the establishment of second phase of Ugu District Disaster Management Centre

Mhlabatshane Bulk Scheme

Current-year receipts	-	12 776 000
Conditions met - transferred to revenue: capital expenses	-	(12 776 000)
	-	-

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

Mhlabatshane Bulk Scheme is to develop new, refurbish, upgrade and replace ageing water and wastewater infrastructure of regional significance that connect water resources to infrastructure serving extensive areas across municipal boundariesor large regional bulk infrastructure serving numerious communities over a large area within a municipality, to pilot regional water conservation and water demand management projector facilitate and contribute to the implementation of local water conservation and water demand management projects that will directly impact on bulk infrastructre requirements.

Universal Access to Water - Umdoni

Balance unspent at beginning of year	-	79 952
Conditions met - transferred to revenue: capital expenses	-	(79 952)
	-	-

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

Grants received from CoGTA are aimed at supplementing municipal budgets to assist with the assessment of water service delivery mechanisms, water delivery planning and water services technical support. Funding was also received to assist with the construction of the Ugu Sports and Leisure Centre.

Water Services Infrastructure Grant (WSIG)

Current-year receipts	50 372 000	58 570 000
Conditions met - transferred to revenue: capital expenses	(50 372 000)	(58 570 000)

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

27. Government grants and subsidies (continued)

	-	**-**

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

Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services in prioritised district municipalities, especially in rural municipalities; provide interim, intermediate water and sanitation supply that ensures provision of services to identified and prioritised communities, including through spring protection, drilling, testing and equiping of borehole; provide on site sanitation solutions; support the existing bucket eradication programme intervention informal residential areas; support drought relief projects in affected municipalities.

Preparation of a Spatial Development Framework

Balance unspent at beginning of year	400 000	-
Current-year receipts	-	400 000
Conditions met - transferred to revenue: capital expenses	(400 000)	-
	-	**400 000**

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

Grants received from CoGTA are utilised to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governance systems as required by the Municipal Structures Act. The grant allocation is for 2017/2018 financial period, however funds were received during 2016/2017 financial period.

28. Public contributions and donations

Reconciliation of conditional contributions

Current-year receipts	-	7 142 419
Conditions met - transferred to revenue	-	(7 142 419)
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

29. Employee related costs

Basic	220 507 258	185 095 287
Commissions	6 863 140	9 074 842
Bonus	17 851 309	13 244 992
Medical aid - company contributions	17 149 782	14 161 267
UIF	1 657 698	1 541 438
SDL	3 059 291	2 599 389
Leave pay provision charge	3 928 869	6 117 117
Contribution long-service benefits	2 084 267	3 004 431
Other short term costs	7 229	77 760
Defined contribution plans	39 987 916	44 093 674
Travel, motor car, accommodation, subsistence and other allowances	1 749 498	1 646 811
Overtime payments	40 987 102	32 839 166
Long-service awards	1 994 389	443 748
Acting allowances	1 564 544	2 615 211
Car allowance	10 604 715	12 709 399
Housing benefits and allowances	3 221 918	1 703 658
	373 218 925	**330 968 190**

Remuneration of municipal manager

Annual Remuneration	1 289 387	1 174 830
Car, entertainment, housing, subsistence and other allowances	508 784	282 325
Performance Bonuses	-	150 909
Contributions to UIF, Medical and Pension Funds	102 563	267 578
	1 900 734	**1 875 642**

Remuneration of chief finance officer

Annual Remuneration	852 959	761 592
Car, entertainment, housing, subsistence and other allowances	343 945	410 801
Performance Bonuses	-	100 997
Contributions to UIF, Medical and Pension Funds	30 693	53 821
	1 227 597	**1 327 211**

Remuneration of general manager: corporate services

Annual Remuneration	724 906	607 175
Car, entertainment, housing, subsistence and other allowances	499 391	573 321
Performance Bonuses	-	100 997
Contributions to UIF, Medical and Pension Funds	43 581	38 961
	1 267 878	**1 320 454**

Remuneration of general manager: infrastructure and economic development

Annual Remuneration	949 184	899 149
Car, entertainment, housing, subsistence and other allowances	282 861	311 413
Performance Bonuses	-	89 775
Contributions to UIF, Medical and Pension Funds	13 451	14 199
	1 245 496	**1 314 536**

Remuneration of general manager: water services

Figures in Rand	2018	2017 Restated*

29. Employee related costs (continued)

Annual Remuneration	611 891	568 819
Car, entertainment, housing, subsistence and other allowances	559 657	501 849
Performance Bonuses	-	89 775
Contributions to UIF, Medical and Pension Funds	133 935	132 430
	1 305 483	**1 292 873**

30. Remuneration of councillors

Mayor	741 734	541 623
Deputy Mayor	-	227 977
Executive Committee Members	2 321 586	2 346 130
Speaker	595 379	518 131
Councillors/ board members	2 456 064	1 896 553
Allowances	2 904 771	2 721 776
Company Contributions	74 076	71 053
	9 093 610	**8 323 243**

In-kind benefits

The Councillors occupying the positions of Mayor, Deputy Mayor, Speaker and Executive Committee Members of the municipality serve in a full-time capacity. Each is provided with an office and secretarial support at the cost of the Council in order to enable them to perform their official duties.

The Councillors may utilise official council transportation when engaged in official duties.

The Mayor has one full-time bodyguard and one full-time driver.

The Deputy Mayor has one full-time aide, fulfilling various personal duties.

The Speaker has one full-time driver.

31. Depreciation and amortisation

Property, plant and equipment	213 697 852	214 164 244
Intangible assets	3 492 874	4 178 665
	217 190 726	**218 342 909**

The prior year comparative balances have been accordingly restated retrospectively. (See note: 46)

32. Impairment of assets

Impairments		
Property, plant and equipment	850 613	28 378
Trade and other receivables	(12 901 243)	36 098 959
	(12 050 630)	**36 127 337**

33. Finance costs

Non-current borrowings	8 496 041	9 959 172
Other interest paid	1 886 834	666 232
	10 382 875	**10 625 404**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

34. Bulk purchases

Water	94 489 718	77 790 321

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to the consumers. Bulk water is purchased from the Umgeni Water Board and eThekwini Municipality

35. Contracted services

Information Technology Services	-	996 346
Specialist Services	125 925 356	57 811 709
Other Contractors	44 609 061	64 194 130
	170 534 417	**123 002 185**

Contracted services are as follows:		
Contractors		
Artists and performers	192 224	-
Building	896 958	-
Catering Services	1 668 703	-
Cleaning Services	2 382 809	2 297 748
Gardening Services	126 868	1 069 232
Graphic Designers	76 631	-
Event Promoters	2 556 783	7 452 667
Haulage	15 162 588	12 458 470
Relief Drivers	1 672 803	69 090
Maintenance Of Equipment	35 766 413	25 636 143
Maintenance Of Unspecified	26 790 380	52 963 629
Sewerage Services	35 539 469	-
Sports And Recreation	459 386	3 073 421
Transportation	355 000	-
Relief Drivers	27 593 150	-
Safeguard And Security	19 294 252	15 273 179
	170 534 417	**120 293 579**

36. Grants and subsidies paid

Grants paid to ME's		
Ugu South Coast Development Agency	5 788 125	5 512 493
Tourism Development	6 958 134	5 298 936
Tourism Marketing	5 563 879	6 626 797
	18 310 138	**17 438 226**

Other subsidies		
Grants in aid	1 050 515	9 752 540
	19 360 653	**27 190 766**

Conditional grants paid is in respect of projects undertaken by municipalities within the municipality’s area of jurisdiction and funded by Ugu District Municipality.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

37. General expenses

Advertising	4 252 137	1 543 618
Auditors remuneration	3 730 746	3 210 454
Bank charges	718 136	656 708
Commission paid	1 071 398	2 023 806
Consulting and professional fees	-	1 758 848
Consumables	17 392 438	11 399 542
Accomodation, seminars and travelling	4 828 514	18 912 650
Insurance	2 431 700	1 759 785
Fuel and oil	24 297 616	19 884 743
Postage and courier	1 528 457	1 392 967
Printing and stationery	838 510	1 910 330
Subscriptions and membership fees	5 253 470	3 936 184
Telephone and fax	3 568 998	3 849 243
Training	489 059	3 751 430
Electricity	88 316 736	64 149 627
Uniforms and protective clothing	194 081	2 892 870
Licenses	8 626 118	5 584 880
Vehicle tracking	1 336 951	1 263 496
Workmen's compensation insurance	1 400 000	818 836
	170 275 065	**150 700 017**

38. Fair value adjustments

Investment property (Fair value model)	1 407 518	100 000

39. Auditors' remuneration

Fees	3 730 746	3 210 454

40. Cash generated from operations

Surplus	3 870 318	39 344 047
Adjustments for:		
Depreciation and amortisation	217 190 726	218 342 909
Loss on sale of assets and liabilities	(635 337)	(502 707)
Loss from transfer of functions between entities not under common control	-	30 512 574
Loss on foreign exchange	68 960	-
Fair value adjustments	(1 407 518)	(100 000)
Impairment	(12 050 630)	36 127 337
Movements in operating lease assets and accruals	5 331	2 434
Movements in retirement benefit assets and liabilities	1 581 209	430 372
Movements in provisions - Current	3 108 123	394 312
Movement to provisions - Non-current	-	1 446 805
Changes in working capital:		
Inventories	608 631	3 894 678
Receivables from exchange transactions	(13 391 243)	(74 816 661)
Other receivables from non-exchange transactions	(67 248 491)	7 193 336
Payables from exchange transactions	3 532 661	(4 513 837)
VAT	37 091 632	11 295 361
Unspent conditional grants and receipts	(283 337)	(8 329 920)
Consumer deposits	253 903	224 356
	172 294 938	**260 945 396**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

41. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At fair value	At amortised cost	Total
Long-term Receivables	-	-	-
- Sundry loans	-	30 812	30 812
Receivables from Exchange Transactions	-	-	-
- Sewerage	-	9 924 784	9 924 784
- Other trade receivables	-	2 985 616	2 985 616
- Water	-	31 941 960	31 941 960
- Water rates	-	103 070	103 070
Receivables from Non-Exchange Transactions	-	-	-
- Payments made in advance	-	10 045 723	10 045 723
- Sundry deposits	-	1 604 432	1 604 432
- Sundry debtors	-	8 949 947	8 949 947
Cash and Cash Equivalents	-	-	-
- Call deposits	7 881 921	-	7 881 921
- Notice deposits	-	165 000 000	165 000 000
- Bank balances	6 750 640	-	6 750 640
- Cash floats and advances	4 967	-	4 967
Current-portion of Long-term Receivables	-	-	-
- Sundry loans	-	58 731	58 731
	14 637 528	**230 645 075**	**245 282 603**

Financial liabilities

	At fair value	At amortised cost	Total
Compound instruments	-	-	-
- Annuity loans	-	126 789 518	126 789 518
Other financial liabilities	-	-	-
- Trade and other payables from exchange transactions	-	147 638 363	147 638 363
- Bank overdraft	150 443	-	150 443
	150 443	**274 427 881**	**274 578 324**

2017

Financial assets

	At fair value	At amortised cost	Total
Long-term Receivables	-	-	-
- Sundry loans	-	30 812	30 812
Receivables from Exchange Transactions	-	-	-
- Sewerage	-	19 407 883	19 407 883
- Other trade receivables	-	3 693 523	3 693 523
- Water	-	66 734 183	66 734 183
- Water rates	-	11 468 337	11 468 337
Receivables from Non-Exchange Transactions	-	-	-
- Payments made in advance	-	11 235 490	11 235 490
Ray Nkonyeni Municipality	-	836 413	836 413

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

41. Financial instruments disclosure (continued)

- Sundry deposits	-	1 605 132	1 605 132
- Sundry debtors	-	8 271 892	8 271 892
Cash and Cash Equivalents	-	-	-
- Call deposits	9 971 908	-	9 971 908
- Notice deposits	-	165 000 000	165 000 000
- Bank balances	14 220 880	-	14 220 880
- Cash floats and advances	8 933	-	8 933
Current-portion of Long-term Receivables	-	-	-
- Sundry loans	-	58 731	58 731
	24 201 721	**288 342 396**	**312 544 117**

Financial liabilities

	At amortised cost	Total
Compound instruments	-	-
- Annuity loans	126 521 313	126 521 313
Other financial liabilities	-	-
- Trade and other payables from exchange transactions	172 851 370	172 851 370
Taxes and transfers payable (non-exchange)	150 443	150 443
	299 523 126	**299 523 126**

Fair value

41. Financial instruments disclosure (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate such value:

Cash and short-term investments

The carrying amount approximates the fair value because of the short maturity of these instruments.

Long-term investments

The fair value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted equity investments are estimated using the discounted cash flow method.

Loan receivables/payables

Interest-bearing borrowings and receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the fair value of these financial assets and liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Trade and other receivables/payables

The management of the municipality is of the opinion that the carrying value of trade and other receivables recorded at amortised cost in the annual financial statements approximate their fair values. The fair value of trade receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratio’s of the municipality’s debtors.

Other financial assets and liabilities

The fair value of other financial assets and financial liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term liabilities

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the annual financial statements to approximate their fair values on 30 June 2018, as a result of the short-term maturity of these assets and liabilities.

No financial instruments of the municipality were reclassified during the year

The table below analyses financial instruments carried at fair value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments. The levels have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument’s valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

41. Financial instruments disclosure (continued)

Capital risk management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2011.

The capital structure of the municipality consists of debt, which includes the Long-term Liabilities disclosed in note 15, bank, cash and cash equivalents and equity, comprising accumulated Surplus as disclosed and the statement of changes in net assets.

Gearing Ratio

In terms of the municipality's five year financial plan, financial benchmarks, year-on-year in respect of the debt-to-equity ratio, is reflected at 100%, decreasing to 90%. This ratio is as a result of the developmental challenges faced by the municipality. Some of the borrowings are below market related rates.

The gearing ratio at the year-end was as follows:

Debt	106 499 006	136 657 781
Cash and cash equivalents	(41 785 844)	(179 487 084)
	64 713 162	**(42 829 303)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

41. Financial instruments disclosure (continued)

Equity	4 028 453 832	4 028 453 832
Net debt to equity ratio	1.61 %	1.09 %

Equity includes all funds and reserves of the municipality, disclosed as net assets in the statement of financial performance and net debt as described above.

Financial risk management objectives

The accounting officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IASs mainly apply. Generally, financial assets and liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The directorate: Treasury monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports quarterly to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function. Further quantitative disclosures are included throughout these annual financial statements.

Significant risks

It is the policy of the municipality to disclose information that enables the user of its annual financial. It is the policy of the municipality to disclose information that enables the user of its annual financial statements to evaluate the nature and extent of risks arising from financial instruments to which the municipality is exposed on the reporting date. The municipality has exposure to the following risks from its operations in financial instruments.

1. Credit risk
2. Liquidity risk; and
3. Market risk

Risks and exposures are disclosed as follows:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk

Credit risk is the risk of financial loss to the municipality if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity risk

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

41. Financial instruments disclosure (continued)

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

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

Ultimate responsibility for liquidity risk management rests with the council, which has built an appropriate liquidity risk management framework for the management of the municipality’s short, medium and long term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included below is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts. The following tables detail the municipality’s remaining contractual maturity for its nonderivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Economic Entity:

42. Multi-employer retirement benefit information

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes.

Councillors have the option to belong to the Pension Fund for Municipal Councillors.

All full-time employees belong to the KwaZulu-Natal Joint Municipal Pension Fund, which are made up of the Retirement, Superannuation and Provident Funds.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors/employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

Defined benefits schemes

Retirement fund

The scheme is subject to a tri-annual actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The statutory actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R251,5 (31 March 2011: shortfall of R382,3) million, with a funding level of 82,0%(31 March 2011: 84,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (34,22%) was expected to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17% of pensionable emoluments, of which 1,65% is payable by members and 15,35% is payable by the local authority.

Figures in Rand	2018	2017 Restated*

42. **Multi-employer retirement benefit information (continued)**

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 15,85% (Total employer contribution of 34,22%) and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 15,85% with effect from 1 July 2012 for an indefinite period of time. The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Superannuation Fund in the near future.

Superannuation fund

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R270,0 (31 March 2011: R549,5) million, with a funding level of 96,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2011: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% of pensionable salaries to meet the shortfall within the 8 year period provided for in the scheme. It was expected that the deficit will be fully funded by 2020.

This surcharge is payable until 31 March 2020. It is necessary that the basic employer contribution be increased by 3,63% to 21,63% and the surcharge be increased to 9,5% and extended by a further 8 years to 31 March 2020. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 31,13% with effect from 1 July 2012 for an indefinite period of time.

It is intended that the fund merge with the retirement fund in the near future.

Defined contributions schemes

Municipal councillors pension fund.

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 31 March 2012.

The statutory valuation performed as at 30 June 2011 revealed that the market value of the fund was R1 446,8 (30 June 2010: R1 446,8) million. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the actuaries, the fund was in a sound financial condition as at 30 June 2017.

Provident fund

The scheme is subject to a tri-annual actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The statutory actuarial valuation performed as at 31 March 2012 revealed that the market value of the fund was R1 293,4 (31 March 2011: R1 056,2) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 1,95 times the member’s contributions by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2012.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

43. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	494 381 645	496 569 431
Not yet contracted for and authorised by accounting officer		
• Property, plant and equipment	16 213 756	98 368 201
Total capital commitments		
Already contracted for but not provided for	494 381 645	496 569 431
Not yet contracted for and authorised by accounting officer	16 213 756	98 368 201
	510 595 401	**594 937 632**

Authorised operational expenditure

Already contracted for but not provided for		
• Operating expenditure	57 955 007	65 441 871
Total operational commitments		
Already contracted for but not provided for	57 955 007	65 441 871

Total commitments

Total commitments		
Authorised capital expenditure	510 595 401	594 937 632
Authorised operational expenditure	57 955 007	65 441 871
	568 550 408	**660 379 503**

The financial commitments for both current year and the comparative were assessed. It was discovered that the municipality had incurred expenditure on some capital projects more than award values per appointment letters as follows:

Current year	R213,353,436
Prior year	R212,246,607

44. Contingent assets and contigent liabilities

i) MZ Mahlawe, MZ Mahlawe / Umuziwabantu Municipality and Ugu District Municipality :The Municipality is jointly and severally sued with Umuziwabantu Municipality for about R2 300 000.00 for allegedly leaving a sewage infrastructure in Harding that was left uncovered, which led to the death of the Plaintiffs grandson. The municipality is currently having internal negiotiations with the plaintiffs attorneys.

ii)F Muller/ Ugu District Municipality: Municipality discharging wastewater effluent onto farmland, resulting in donga being formed across farmland and rendering portion of farmland unfarmable.There are internal negotiations being conducted..

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

45. Related parties

Relationships

Ugu South Coast Tourism (Pty) Ltd	Ugu South Coast Tourism (Pty) Ltd
Ugu South Coast Development Agency	Ugu South Coast Development Agency

Municipality and individuals as well as their close family members, and /or entities are related parties if one has the ability, directly, indirectly to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

The municipality procured goods and/or services from the following companies, which are considered to be related parties:

Related party transactions

	2018	2017
Grants and tranfers from /(to) related parties		
Ugu South Coast Tourism (Pty) Ltd	14 306 400	12 175 726
Ugu South Coast Development Agency NPC	9 598 463	5 512 500
EFG (Proprietary) Limited	-	-
	23 904 863	**17 688 226**
Transactions with key management personnel (Ugu District Municipality)		
Councillors	-	8 323 243
Municipal Manager and Section 57 personnel	-	7 130 716
	-	**15 453 959**
Transactions with key management personnel (Ugu South Coast Tourism)		
Board of directors	-	180 525
Senior management	-	2 388 667
	-	**2 569 192**
Transactions with key management personnel (Ugu South Coast Development Agency)		
Board of directors	-	909 282
Senior management	-	3 086 317
	-	**3 995 599**

The transactions were concluded in full compliance with the municipality's Supply Chain Management Policy and the transactions are considered to be at arm's length.

In terms of GRAP 20 para 35 remuneration paid by Ugu District municipality to councillors and Municipal Manager and section 57 personnel respectively is a related party transaction.

- The municipality did not conduct any business with any service provider that can be considered a related party.
- The municipality did not trade with service providers that are I the employment nor blacklisted by Treasury.
- The disclosure in relation to paragraph 35 of GRAP 20, remuneration paid by UGU District municipality to councillors and Municipal Manager and section 57.
- Key Management and Councillors have direct or indirect significant control over the municipality.
- No transactions with related parties other than that key management and councils were identified during 2016/17.

46. Prior period errors

Corrections were made during the previous financial years. Details of the corrections are described below:

Notes to the Annual Financial Statements

Figures in Rand			2018	2017 Restated*

46. Prior period errors (continued)

Receivables from exchange transactions				
Report Amount	-	-	-	100 596 019
Correction of error	-	-	-	(4 373 874)
Reclasification of water rates	-	-	-	(11 468 337)
	-	**-**	**-**	**84 753 808**

During the current financial period it was noted that journal for unbilled debtors during the 2014/15 period was not reversed during the 2015/16 financial period. Therefore a journal amount to R280 663 has to be reversed as prior period error.

The amount of debtor totaling to R700 000 for Umzumbe municipality was not raised as debtor during 2015/16 financial period. Therefore a debtor was not recognised. Therefore an adjustment as prior period error.

Property, plant and equipment -	Total
Reported Amount	3 928 199 617
Correction of error	(145 745 770)
	3 782 453 847

Payables from exchange transactions	
Report Amount	171 883 366
Correction of error	2 168 222
	174 051 588

Vat receivable				
Reported Amount	-	-	-	18 575 169
Correction of error	-	-	-	240 618
	-	**-**	**-**	**18 815 787**

Accumulated Surplus				
Reported Amount	-	-	-	3 923 012 838
Correction of error	-	-	-	(21 080 319)
	-	**-**	**-**	**3 901 932 519**

Statement of financial position		
Receivables from exchange transactions	-	(4 373 874)
Property Plant and Equipment	-	(14 778 841)
Vat Receivable	-	240 618
Payables from exchange transactions	-	(2 168 222)
Accumulated Surplus or Deficit	-	21 080 319
	-	-

Other Disclosure

Commitments

During the current financial period the capital commitments has been restated as result of mistatements noted from the prior year balances. The prior year balances of capital commitments was re-stated. Refer to note 43.

Commitments reported				
Reported Amount	-	-	-	711 119 425
Restated Amount	-	-	-	689 377 160
Commitments Adjustment	**-**	**-**	**-**	**21 742 265**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017 Restated*

47. Comparative figures

The comparative figures were restated as a result of effect of the municipality implimenting mSCOA.]

The effects of the reclassification are as follows:

Certain comparative amounts have not been reclassified as it was impractical to do so.

Reclasification of Income statement Items due to MSCOA	**Previosly Reported**	**After reclassification**
Lease rentals on operating leases	2 723 216	3 781 614
Repairs and Maintenance	66 980 699	-
Contracted Services	35 428 382	123 002 185
Tranferes and Subsidies	53 773 680	27 190 766
General Expenditure	145 768 605	150 700 017
	304 674 582	**304 674 582**

48. Going concern

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

The assessment of the going concern was performed as at 30 June 2018. The following factors and observations were taken into account during the assessment, whereby the going concern was threatened as follows:

Liquidity status

The current assets and current liabilities were compared and observed that current liabilities exceeded current liabilities as follows:

Total current assets	R245,836,668
Less: Total current liabilities	(R271,781,121)
Net current liability position	**(R25,944,453**

Cash and Cash Equivalents movements

The cash and cash equivalents has been decreased significantly as follows:

Current year’s cash and cash equivalents	R41,785,844
Less prior year’s cash and cash equivalents	(R180,503,687)
Net cash and cash equivalents decrease	**(R138,717,843**

Operating deficit

During the year under review, the municipality has operated at a surplus of R 3 870 318

Compliance with contractual obligations

During the year under review, the municipality has been unable to settle all its obligations as they become due because of the negative cash flow within the municipality.

CORRECTIVE MEASURES

Notes to the Annual Financial Statements

Figures in Rand

48. Going concern (continued)

In order to correct the negative impact on going concern per above analysis, the municipality engaged on the following:

Comprehensive Financial Management Turnaround Strategy which was adopted by Council;

Revenue Collection Strategy or Plan to improve cash collections;

Development and implementation of costs containment measures;

Expenditure Control and Payments Policy;

Reassessments of the municipality's budget and cash flow projections; etc.

49. Events after the reporting date

There has been no non-adjusting events after the reporting date.

50. Unauthorised expenditure

Opening balance	275 144 882	113 949 531
Unauthorised expenditure for period	167 505 981	161 195 351
Unauthorised expenditure written-off during the period-Condoned	(161 195 351)	-
	281 455 512	**275 144 882**

Incident

Budgeted amounts exceeded:

Disciplinary steps/ criminal proceedings: Investigations are being conducted by the internal audit.

Cash line items		
Personnel (Employee costs)	68 680 954	19 532
Renumeration of councillors	1 338 742	-
Lease rentals on operating lease	-	1 563 216
Bulk purchases	18 456 146	6 932 181
Contracted Services	15 785 058	-
Grants and subsidies	1 050 516	-
Non-cash line items		
Depreciation and amortisation	62 194 566	74 997 103
Impairment loss	-	40 098 251
Bad debts written-off	-	-
	-	37 585 068
	167 505 982	**161 195 351**

51. Fruitless and wasteful expenditure

Opening balance	2 016 607	1 141 608
Penalty on vehicle licence fee	-	83
Other Fruitless and wasteful expenditure - Interest on late payment	-	252 913
Fruitless and wasteful expenditure - trafic fine	-	379
Fruitless and wasteful expenditure - Eskom interest	10 164	-
Fruitless and wasteful expenditure - Umngeni Interest	177 952	-
Fruitless and wasteful expenditure - SARS Penalties	815 106	619 068
Fruitless and wasteful expenditure - additional collection fee	-	-
Fruitless and wasteful expenditure - SARS Interest	-	4 784
Fruitless and wasteful expenditure - late cancellations	-	1 706
Fruitless and wasteful expenditure written-off	-	(3 934)
	3 019 829	**2 016 607**

Disciplinary steps/criminal proceedings:

Investigations are being conducted by internal audit on the "fruitless and wasteful expenditure" for the current year.

Disciplinary action is in progress for the prior year's fruitless and wasteful.

52. Irregular expenditure

Opening balance	158 391 656	142 509 218
Add: Irregular Expenditure - current year	131 307 670	15 919 822
Less: Amounts written-off	(9 549 662)	-
	280 149 664	**158 429 040**

Analysis of expenditure awaiting write off per age classification

Current year	121 758 008	31 174 275
Prior years	31 174 275	142 485 834
	152 932 283	**173 660 109**

Details of irregular expenditure – current year - Controlling entity

	Condoned by (condoning authority)	
Expenditure contrary to the provisions of Regulation 44 of the Municipal Supply Chain Management Regulations	A report will be adopted by the Executive Committee, writting-off the "Irregular Expenditure".	-
Expenditure according to the provisions of Regulation 36 of Municipal Supply Chain Management Regulations	Investigations are conducted by an internal audit.	6 303 310
Expenditure according to the provisions of Regulation 22 of Municipal Supply Chain Management Regulations: long-term contracts advertised for a period less than 30 days.	Investigations are conducted by an internal audit.	125 004 360
		131 307 670

Notes to the Annual Financial Statements

Figures in Rand

53. Water losses

Water losses		
Unaccounted water losses	30 496 739	29 588 217

Water losses occur due to inter alia, leakages, the tampering of meters, the incorrect ratios used on bulk meters, faulty meters and illegal water connections. The problem with tempered meters and illegal connections is an ongoing process, with regular action being taken against defaulters. Faulty meters and leakages are replaced/repaired as soon as they are reported.

A five-year strategic non-revenue water reduction was adopted and implemented by the Executive Committee in May 2014. The below-mentioned technical information was derived at as part of the implementation plan:

Volumes in ML/year:	2018 ML/Year	2017 ML/Year
System input volume	45 778 648	45 068 894
Billed authorised consumption	30 905 281	33 304 050
Unbilled authorised consumption	4 480 825	411 270
Apparent losses	3 208 952	3 598 796
Real losses	8 295 063	7 998 099
Estimated non-revenue water	26 638 210	11 764 843
	119 306 979	**102 145 952**

Number of connections	43 388	60 987

Real losses %	25.17 %	17.75 %
Water losses %	25.42 %	25.19 %
Non-revenue water %	38.39 %	26.10 %
	- %	**- %**

54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	3 366 984	3 675 661
Amount paid - current year	(3 366 984)	(3 675 661)
	-	-

No amounts were outstanding at the end of the financial year.

Audit fees

Current year subscription / fee	3 730 746	3 210 452
Amount paid - current year	(3 730 746)	(3 210 452)
	-	-

No amounts were outstanding at the end of the financial year.

Notes to the Annual Financial Statements

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

PAYE and UIF

Opening balance	-	3 482 779
Current year subscription / fee	60 547 096	54 988 222
Amount paid - current year	(56 152 980)	(54 988 222)
Amount paid - previous years	-	(3 482 779)
	4 394 116	**-**

No amounts were outstanding at the end of the financial year.

Pension and Medical Aid Deductions

Current year subscription / fee	81 297 483	77 049 520
Amount paid - current year	(81 297 483)	(77 049 520)
	-	**-**

No amounts were outstanding at the end of the financial year.

VAT

VAT receivable	-	18 815 787
VAT payable	18 275 845	-
	18 275 845	**18 815 787**

VAT output payables and VAT input receivables are shown in note 7.

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2018:

30 June 2018	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor SA Khawula	1 295	920	2 215
Councillor MA Manyoni	338	31 404	31 742
Councillor NH Gumede	3 693	11 590	15 283
Councillor TB Cele	285	2 120	2 405
	5 611	**46 034**	**51 645**

30 June 2017	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Councillor IM Mavundla	125	52	177
Councillor MA Manyoni	251	27 002	27 253
Councillor GD & JE Henderson	747	1 346	2 093
Councillor MA & ZP Chiliza	2 846	2 397	5 243
Councillor NH Gumede	2 492	2 956	5 448
Councillor TB Cele	125	1 489	1 614
	6 586	**35 242**	**41 828**

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

Non-compliance

In terms on Section 125 (2) (e) of Municipal Finance Management Act 2003, there were no non-compliance were identified during the financial period.

55. S36 Deviation from supply chain management regulations

Section 36 deviations	385 489 315	34 976 804

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

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

Deviations from the tender stupulations in terms of the municipality's Supply Chain Management Policy were presented to the Executive Committee, which condoned the various cases.

Appendix A

Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at Friday, 30 June 2017 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Saturday, 30 June 2018 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Development Bank of South Africa								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2010

Loan Number	Redeemable	Balance at Friday, 30 June 2017 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Saturday, 30 June 2018 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Bonds							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Other loans							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Lease liability							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Annuity loans							
		-	-	-	-	-	-
		-	-	-	-	-	-

Appendix A

Schedule of external loans as at 30 June 2010

	Loan Number	Redeemable	Balance at Friday, 30 June 2017 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at Saturday, 30 June 2018 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	-	-	-	-	-
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**

Supplementary Information

* See Note 46

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2012

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure														
Roads, Pavements & Bridges	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Street lighting	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Markets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airports	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix B

Analysis of property, plant and equipment as at 30 June 2011

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets														
Computers - software & programming	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties														
Investment property	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Land and buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agricultural/Biological assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Supplementary Information

* See Note 46

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance & Admin/Finance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and Development/Economic Development/Plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health/Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comm. & Social/Libraries and archives	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Safety/Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and Recreation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Environmental Protection/Pollution Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Water Management/Sewerage	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road Transport/Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water/Water Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity /Electricity Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other/Air Transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Owned Entities														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Municipality	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Appendix C

Segmental analysis of property, plant and equipment as at 30 June 2010

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Supplementary Information

* See Note 46

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2017 Act. Bal. Rand	Current year 2017 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	325 342 983	-	325 342 983	-	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	1 274 596	-	1 274 596	-	
Interest received (trading)	-	-	-	-	
Dividends received (trading)	-	-	-	-	
Agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	-	-	-	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	-	-	-	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	4 008 851	-	4 008 851	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Other income 3	-	-	-	-	
Interest received - investment	20 021 975	-	20 021 975	-	
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	350 648 405	-	350 648 405	-	

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Expenses					
Personnel	(373 218 925)	-	(373 218 925)	-	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(9 019 533)	-	(9 019 533)	-	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(213 697 852)	-	(213 697 852)	-	
Impairment	-	-	-	-	
Amortisation	(3 492 874)	-	(3 492 874)	-	
Impairments	12 050 630	-	12 050 630	-	
Reversal of impairments	-	-	-	-	
Finance costs	(10 382 875)	-	(10 382 875)	-	
Debt Impairment	-	-	-	-	
Collection costs	-	-	-	-	
Repairs and maintenance - Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	-	-	-	-	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(94 489 718)	-	(94 489 718)	-	
Contracted Services	(170 534 417)	-	(170 534 417)	-	
Transfers and Subsidies	(19 360 653)	-	(19 360 653)	-	
Cost of housing sold	-	-	-	-	
General Expenses	(175 806 241)	-	(175 806 241)	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	057 952 458)	-	057 952 458)	-	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	635 337	-	635 337	-	
Gain or loss on exchange differences	(68 960)	-	(68 960)	-	
Fair value adjustments	1 407 518	-	1 407 518	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	

Appendix E(1)

Actual versus Budget(Revenue and Expenditure) for the year ended 30 June 2010

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	1 973 895	-	1 973 895	-	
Net surplus/ (deficit) for the year	(705 330 158)	-	(705 330 158)	-	

Supplementary Information

* See Note 46

Appendix E(2)

Budget Analysis of Capital Expenditure as at 30 June 2010

	Additions Rand	Revised Budget Rand	Variance Rand	Variance %	Explanation of significant variances from budget
Municipality					
Executive & Council/Mayor and Council	-	-	-	-	
Finance & Admin/Finance	-	-	-	-	
Planning and Development/Economic Development/Plan	-	-	-	-	
Health/Clinics	-	-	-	-	
Comm. & Social/Libraries and archives	-	-	-	-	
Housing	-	-	-	-	
Public Safety/Police	-	-	-	-	
Sport and Recreation	-	-	-	-	
Environmental Protection/Pollution Control	-	-	-	-	
Waste Water Management/Sewerage	-	-	-	-	
Road Transport/Roads	-	-	-	-	
Water/Water Distribution	-	-	-	-	
Electricity /Electricity Distribution	-	-	-	-	
Other/Air Transport	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	**-**	**-**	**-**	
Municipal Owned Entities					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	981 281	**-**	**(981 281)**	**-**	
Other charges					
	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
	-	**-**	**-**	**-**	

Supplementary Information

* See Note 46

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

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Finance Management Grant	National Treasury	-	95 000	-	-	-	-	38 465	16 462	19 023	21 050	-	-	-	-	-		Yes	
Equitable Share	National Treasury	-	32 000	25 000	19 000	-	-	19 000	19 000	19 000	19 000	-	-	-	-	-		Yes	
Economic Development Sumit	DLGTA	-	-	-	-	00 000	-	2 826	-	36 270	68 097	-	-	-	-	-		Yes	
Municipality infastructure Grant	DPLG	-	65 000	12 000	74 000	-	-	71 120	80 336	80 989	21 335	-	-	-	-	-		Yes	
Various National (PW)	EPWP	-	89 000	80 000	87 000	-	-	95 083	10 397	17 425	33 757	-	-	-	-	-		Yes	
		-	81 000	17 000	80 000	00 000	-	26 494	26 195	72 707	63 239	-	-	-	-	-			

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

Supplementary Information

* See Note 46

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018

	2018/2017												2017/2016		
	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 of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue - Standard															
Governance and administration	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Appendix G1
Budgeted Financial Performance (revenue and expenditure by standard classification)
for the year ended 30 June 2018

	2018/2017											2017/2016			
	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 of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Supplementary Information

* See Note 46

Appendix G2
Budgeted Financial Performance (revenue and expenditure by municipal vote)
for the year ended 30 June 2018

	2018/2017											2017/2016			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue by Vote															
Example 1 - Vote1	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 2 - Vote2	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 3 - Vote3	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 4 - Vote4	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 5 - Vote5	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 6 - Vote6	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 7 - Vote7	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 8 - Vote8	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 9 - Vote9	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 10 - Vote10	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 11 - Vote11	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 12 - Vote12	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 13 - Vote13	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 14 - Vote14	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 15 - Vote15	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue by Vote	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Expenditure by Vote to be appropriated															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Supplementary Information

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018

	2018/2017											2017/2016			
	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 of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote **Multi-year expenditure**															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Single-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Total Capital Expenditure - Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**

Appendix G4
Budgeted Capital Expenditure by vote, standard classification and funding
for the year ended 30 June 2018

	2018/2017											2017/2016			
	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 of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**

Supplementary Information

Appendix G5
Budgeted Cash Flows
for the year ended 30 June 2018

	2018/2017								2017
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Final Budget	Actual Outcome	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Cash flow from operating activities									
Receipts									
Ratepayers and other	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - operating	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Government - capital	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Interest	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Dividends	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Suppliers and employees	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Finance charges	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Transfers and Grants	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used operating activities	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**
Cash flow from investing activities									
Receipts									
Proceeds on disposal of PPE	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Capital assets	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used investing activities	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**
Cash flow from financing activities									
Receipts									
Short term loans	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Borrowing long term/refinancing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Payments									
Repayment of borrowing	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-
Net cash flow from/used financing activities	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**
Net increase/(decrease) in cash held	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**
Cash/cash equivalents at the year begin:									-
Cash/cash equivalents at the year end:	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	