ALFRED NZO DISTRICT MUNICIPALITY
Consolidated Financial statements
for the year ended 30 June 2018

General Information

Mayoral committee	
Executive Mayor	S Mehlomakulu
	S A Sello (Deputy Executive Mayor)
	TP Sobuthongo (Speaker (Resigned)
	BN Tobo
	K J Bosman- Magangana
	S Kulu
	P N Mankahla
	P A Mohale
	N Msokana
	N Nkula
	N N Nqoko
	M M Twabu (MPAC Chairperson)
Councillors	B Betwaya
	N Bongwana
	S A N Cekeshe
	N Cwele
	H N Dandala
	S S Dangisa
	N T Langa
	N Langasiki
	W P Leballo
	L S Maqhashalala
	F Mbuyelwa
	L G Mcambalala
	M Mdolo
	Z Mhlwazi
	M Mkhandiso
	T P Motjope
	B L Mzimkhulu
	N L Ndamase
	V Ngesi
	N Njobe
	N B Nkomo
	L L Nqatsha
	C L Nxesi
	K S Phangwa
	W B Potwana
	F P Sontsi
	E Voko
	N F Sobazile
Grading of local authority	Grade 4
Accounting Officer	Z H Sikhundla
Chief Finance Officer (CFO)	U P Mahlasela
Registered office	ERF 1400 Ntswiwa Street Mt Ayliff

General Information

	4735
Postal address	Private Bag X511 Mount Ayliff 4735
Auditors	Auditor General of South Africa Registered Auditors

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

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
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 consolidated financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the consolidated 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 consolidated financial statements and was given unrestricted access to all financial records and related data.

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

The consolidated 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 economic entity 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 economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity 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 consolidated 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 economic entity’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 economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

Although the Accounting Officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's Audit Committe.

The Audit Committee is responsible for independently reviewing and reporting on the municipality's's consolidated financial statements.

The consolidated financial statements set out on pages 5 to 65, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 August 2018 and were signed on its behalf by:

ZH Sikhundla
Accounting Officer

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The Municipality is engaged in and operates principally in Alfred Nzo District Municipality of South Africa.

The operating results and state of affairs of the municipality are fully set out in the attached consolidated financial statements and do not in our opinion require any further comment.

Net surplus of the economic entity was R 588,164,365 (2017: surplus R 320,934,042).

2. Going concern

The consolidated 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

3. Subsequent events

The accounting officer is not aware of any matter or circumstance arising since the end of the financial year.

4. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

5. MSCOA

The muncipality has early adopted MSCOA during the year 2016/17. During the year 2017/18 the municipality migrated from MSCOA version 54. to 6.1 and subsequently to 6.2. The migration resulted in many challnges in implementing MSCOA which included non compliance with timeous reporting.

Statement of Financial Position as at 30 June 2018

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2018	2017 Restated*	2018	2017 Restated*
Assets					
Current Assets					
Inventories	9	10,772,899	8,139,021	10,772,899	8,139,021
Receivables from exchange transactions	10	49,924,639	22,638,169	49,878,241	22,173,065
Receivables from non-exchange transactions	11	1,219,882	1,053,251	1,219,882	1,053,251
VAT receivable	12	22,169,319	15,204,134	28,088,651	21,909,269
Cash and cash equivalents	13	95,379,930	10,519,113	94,661,103	9,893,610
		179,466,669	**57,553,688**	**184,620,776**	**63,168,216**
Non-Current Assets					
Property, plant and equipment	2	3,583,999,597	3,177,876,855	3,582,262,545	3,175,873,835
Intangible assets	3	2,883,959	2,908,131	2,841,545	2,836,471
Heritage assets	4	131,100	131,100	131,100	131,100
Investments in controlled entities		-	-	100	100
Loans to shareholders	5	-	244,496	-	244,496
Investments	6	7,318,659	6,615,159	7,318,659	6,615,159
		3,594,333,315	**3,187,775,741**	**3,592,553,949**	**3,185,701,161**
Total Assets		**3,773,799,984**	**3,245,329,429**	**3,777,174,725**	**3,248,869,377**
Liabilities					
Current Liabilities					
Finance lease obligation	14	-	8,205,675	-	8,205,675
Operating lease liability	7	175,570	121,696	175,570	121,696
Payables from exchange transactions	19	132,014,191	183,257,246	131,123,915	179,780,617
Unspent conditional grants and receipts	15	2	405,122	2	405,122
Provisions	16	897,048	1,097,790	897,048	1,097,790
Current Portion of Long Term Loan	17	952,631	892,645	952,631	892,645
Payables From Non Exchange Transactions	18	378,373	376,458	378,373	376,458
		134,417,815	**194,356,632**	**133,527,539**	**190,880,003**
Non-Current Liabilities					
Provisions	16	6,660,419	6,086,462	6,660,419	6,086,462
Long Term Loan	17	6,669,086	7,408,437	6,669,086	7,408,437
		13,329,505	**13,494,899**	**13,329,505**	**13,494,899**
Total Liabilities		**147,747,320**	**207,851,531**	**146,857,044**	**204,374,902**
Net Assets		**3,626,052,664**	**3,037,477,898**	**3,630,317,681**	**3,044,494,475**
Accumulated surplus		3,626,052,664	3,037,477,898	3,630,317,681	3,044,494,475

* See Note 43

Statement of Financial Performance

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2018	2017 Restated*	2018	2017 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	21	35,697,756	14,745,947	35,697,756	14,745,947
Rental of facilities and equipment	22	428,722	532,090	344,695	454,897
Agency services		173,800	26,323	173,800	26,323
Reversal of Impairment Provision		8,309,918	-	8,309,918	-
Other income	24	1,283,869	2,206,671	882,785	2,171,278
Interest received - investment	25	25,362,949	17,977,882	25,261,877	17,847,268
Gain on disposal of assets and liabilities		-	38,957	-	-
Actuarial gains		-	184,738	-	184,738
Total revenue from exchange transactions		**71,257,014**	**35,712,608**	**70,670,831**	**35,430,451**
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	27	1,029,847,778	959,404,332	1,023,247,897	957,611,832
Total revenue	20	**1,101,104,792**	**995,116,940**	**1,093,918,728**	**993,042,283**
Expenditure					
Employee related costs	28	(238,948,424)	(230,624,062)	(230,966,571)	(222,606,790)
Remuneration of councillors	29	(9,803,063)	(8,804,757)	(9,803,063)	(8,804,757)
Administration	30	(2,814,985)	(2,862,667)	(2,814,985)	(2,862,667)
Depreciation and amortisation	31	(78,758,760)	(66,654,757)	(78,393,694)	(66,106,910)
Impairment loss/ Reversal of impairments		-	(54,944)	-	-
Finance costs	32	(1,743,722)	(2,520,148)	(1,723,031)	(2,518,719)
Lease rentals on operating lease		(1,180,031)	(2,886,522)	(1,111,256)	(2,817,747)
Debt Impairment	33	(244,496)	(6,032,348)	(244,496)	(6,032,348)
Bulk purchases	34	(7,965,560)	(6,480,389)	(7,965,560)	(6,480,389)
Contracted services	35	(40,051,069)	(46,682,878)	(40,051,069)	(46,682,878)
Transfers and Subsidies	26	(375,312)	(84,707,754)	(17,888,335)	(101,235,681)
Repairs and Maintanance		(33,439,048)	(70,240,833)	(33,439,048)	(70,240,833)
Actuarial losses		(46,801)	-	(46,801)	-
Loss on non-current assets held for sale or disposal groups		(3,428,288)	(1,117,447)	(3,428,288)	(1,117,447)
General Expenses	36	(94,140,868)	(144,513,392)	(80,629,725)	(135,300,824)
Total expenditure		**(512,940,427)**	**(674,182,898)**	**(508,505,922)**	**(672,807,990)**
Surplus for the year		**588,164,365**	**320,934,042**	**585,412,806**	**320,234,293**

* See Note 43

Statement of Changes in Net Assets

Figures in Rand	Government grant reserve	Accumulated surplus	Total net assets
Economic entity			
Balance at 01 July 2016	**1,517,942,029**	**1,199,043,035**	**2,716,985,064**
Changes in net assets			
Fair value gains, net of tax: Land and buildings	(1,517,942,029)	1,517,942,029	-
Financial assets	-	(441,208)	(441,208)
Net income (losses) recognised directly in net assets	(1,517,942,029)	1,517,500,821	(441,208)
Surplus for the year	-	320,934,042	320,934,042
Total recognised income and expenses for the year	(1,517,942,029)	1,838,434,863	320,492,834
Total changes	(1,517,942,029)	1,838,434,863	320,492,834
Restated* Balance at 01 July 2017	**-**	**3,037,477,997**	**3,037,477,997**
Changes in net assets			
Fair value gains, net of tax: Land and buildings	-	410,302	410,302
Net income (losses) recognised directly in net assets	-	410,302	410,302
Surplus for the year	-	588,164,365	588,164,365
Total recognised income and expenses for the year	-	588,574,667	588,574,667
Total changes	-	588,574,667	588,574,667
Balance at 30 June 2018	**-**	**3,626,052,664**	**3,626,052,664**
Note(s)			

Figures in Rand	Government grant reserve	Accumulated surplus	Total net assets
Controlling entity			
Balance at 01 July 2016	**1,517,942,029**	**1,206,771,563**	**2,724,713,592**
Changes in net assets			
Transfer from Government Grant Reserve	(1,517,942,029)	1,517,942,029	-
Prior Period Error	-	(453,410)	(453,410)
Net income (losses) recognised directly in net assets	(1,517,942,029)	1,517,488,619	(453,410)
Surplus for the year	-	320,234,293	320,234,293
Total recognised income and expenses for the year	(1,517,942,029)	1,837,722,912	319,780,883
Total changes	(1,517,942,029)	1,837,722,912	319,780,883
Restated* Balance at 01 July 2017	**-**	**3,044,494,475**	**3,044,494,475**
Changes in net assets			
Prior Period Error	-	410,400	410,400
Net income (losses) recognised directly in net assets	-	410,400	410,400
Surplus for the year	-	585,412,806	585,412,806
Total recognised income and expenses for the year	-	585,823,206	585,823,206
Total changes	-	585,823,206	585,823,206
Balance at 30 June 2018	**-**	**3,630,317,681**	**3,630,317,681**
Note(s)			

* See Note 43

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2018	2017 Restated*	2018	2017 Restated*
Cash flows from operating activities					
Receipts					
Service Charges		16,257,082	13,314,514	16,257,082	13,314,514
Grants		1,047,360,802	968,438,618	1,023,247,897	950,118,191
Interest income		14,941,458	8,238,305	14,840,386	8,107,691
Other receipts		1,678,760	2,769,259	1,193,649	2,656,674
		1,080,238,102	992,760,696	1,055,539,014	974,197,070
Payments					
Employee costs		(238,978,423)	(222,635,471)	(230,996,571)	(214,618,198)
Suppliers		(268,272,089)	(366,166,006)	(251,320,013)	(355,898,860)
Finance costs		(1,701,062)	(2,520,148)	(1,680,371)	(2,518,719)
Remuneration of Councillors		(9,803,058)	(8,804,757)	(9,803,058)	(8,804,757)
Other Payments		-	(953,307)	-	(953,311)
		(518,754,632)	(601,079,689)	(493,800,013)	(582,793,845)
Net cash flows from operating activities	38	**561,483,470**	**391,681,007**	**561,739,001**	**391,403,225**
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(467,217,603)	(440,521,365)	(467,129,621)	(439,932,426)
Proceeds from sale of property, plant and equipment	2	466,537	1,602,956	-	1,551,211
Purchase of other intangible assets	3	(313,021)	-	(283,321)	-
Proceeds from sale of other intangible assets	3	-	40,001	-	40,001
Proceeds from sale of financial assets		(703,500)	-	(703,500)	-
Increase in Investments		-	31,524,153	-	31,524,153
Net cash flows from investing activities		**(467,767,587)**	**(407,354,255)**	**(468,116,442)**	**(406,817,061)**
Cash flows from financing activities					
Movement in long term loan		(661,807)	(608,782)	(661,807)	(608,782)
Finance lease payments		(8,193,256)	(10,453,116)	(8,193,256)	(10,453,116)
Net cash flows from financing activities		**(8,855,063)**	**(11,061,898)**	**(8,855,063)**	**(11,061,898)**
Net increase/(decrease) in cash and cash equivalents		**84,860,820**	**(26,735,146)**	**84,767,496**	**(26,475,734)**
Cash and cash equivalents at the beginning of the year		10,519,113	37,254,263	9,893,610	36,369,344
Cash and cash equivalents at the end of the year	13	**95,379,933**	**10,519,117**	**94,661,106**	**9,893,610**

* See Note 43

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
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	23,586,200	15,054,688	**38,640,888**	35,697,756	**(2,943,132)**	k)
Rental of facilities and equipment	371,351	(44,048)	**327,303**	428,722	**101,419**	j)
Agency services	-	-	**-**	173,800	**173,800**	
Other Income	-	-	**-**	8,309,918	**8,309,918**	
Other income - (rollup)	56,875,700	13,777,880	**70,653,580**	1,283,869	**(69,369,711)**	i)
Interest received - investment	10,350,000	-	**10,350,000**	25,362,949	**15,012,949**	h)
Total revenue from exchange transactions	**91,183,251**	**28,788,520**	**119,971,771**	**71,257,014**	**(48,714,757)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1,081,877,000	(36,744,787)	**1,045,132,213**	1,029,847,778	**(15,284,435)**	
Total revenue	**1,173,060,251**	**(7,956,267)**	**1,165,103,984**	**1,101,104,792**	**(63,999,192)**	
Expenditure						
Employee Related Costs	(261,539,878)	21,748,561	**(239,791,317)**	(238,948,424)	**842,893**	
Remuneration of councillors	(9,998,363)	117,687	**(9,880,676)**	(9,803,063)	**77,613**	
Litigation Costs	-	(2,900,000)	**(2,900,000)**	(2,814,985)	**85,015**	
Depreciation and amortisation	(55,000,000)	(15,000,000)	**(70,000,000)**	(78,758,760)	**(8,758,760)**	c)
Finance costs	(888,000)	(340,000)	**(1,228,000)**	(1,743,722)	**(515,722)**	d)
Lease rentals on operating lease	-	(1,200,000)	**(1,200,000)**	(1,180,031)	**19,969**	
Debt Impairment	(22,500,000)	-	**(22,500,000)**	(244,496)	**22,255,504**	a)
Bulk purchases	(3,000,000)	(3,643,636)	**(6,643,636)**	(7,965,560)	**(1,321,924)**	b)
Contracted Services	(59,933,000)	6,322,110	**(53,610,890)**	(40,051,069)	**13,559,821**	
Transfers and Subsidies	(20,000,000)	-	**(20,000,000)**	(375,312)	**19,624,688**	f)
Repairs and Maintenance	(21,200,000)	(7,870,862)	**(29,070,862)**	(33,439,048)	**(4,368,186)**	k)
General Expenses	(156,550,941)	14,134,520	**(142,416,421)**	(94,140,868)	**48,275,553**	e)
Total expenditure	**(610,610,182)**	**11,368,380**	**(599,241,802)**	**(509,465,338)**	**89,776,464**	
Operating surplus	**562,450,069**	**3,412,113**	**565,862,182**	**591,639,454**	**25,777,272**	
Actuarial gains/losses	-	-	**-**	(46,801)	**(46,801)**	
Loss on non-current assets held for sale or disposal groups	-	-	**-**	(3,428,288)	**(3,428,288)**	
	-	**-**	**-**	**(3,475,089)**	**(3,475,089)**	
Surplus before taxation	**562,450,069**	**3,412,113**	**565,862,182**	**588,164,365**	**22,302,183**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**30,176,321**	**10,756,441**	**40,932,762**	**588,164,365**	**547,231,603**	

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

a) Bad debt provision went down in line with the improvement in the activity of most consumer debtors accounts.
b) Bulk Purchases- The Department of Water affairs increased their tariffs
c)Depreciation- this is attributed to the increase in the municipal infrastructure assets
d) Finance costs- caused by the interest of finance lease for the trucks which was budgeted for under general expenses and disclosed separately
e) Other expenditure- variance caused by the implementation of cutting cost measures which the municipality has strongly implemented during the year
f) Grants and Subsidies- these are funds that are transferred to the development agency
g)Agency services- the municipality received commission on third party payments the difference is VAT portion
h) Interest earned- The municipality has strongly implemented the policy by investing the funds that will not be used immediately
i) Other income- the other income included an amount of R70 million that was categorised as reserves which was backed by non- cash items viz depreciation
j) Rental of facilities- the facilities were hired more than expected as the budget was based on previous projections
k) Service charges- The municipality strongly implemented the credit control policy hence higher collections
i) Repairs and maintenance is due to the dilapidated infrastructure which causes high maintenance of valves and pipes.

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
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	23,586,200	15,054,688	**38,640,888**	35,697,756	**(2,943,132)**	k
Rental of facilities and equipment	371,351	(44,048)	**327,303**	344,695	**17,392**	
Agency services	-	-	**-**	173,800	**173,800**	
Reversal of Impairment Provision	-	-	**-**	8,309,918	**8,309,918**	
Other income - (rollup)	56,779,700	13,777,880	**70,557,580**	882,785	**(69,674,795)**	i)
Interest received - investment	10,000,000	-	**10,000,000**	25,261,877	**15,261,877**	j)
Total revenue from exchange transactions	**90,737,251**	**28,788,520**	**119,525,771**	**70,670,831**	**(48,854,940)**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	1,003,054,000	10,888,146	**1,013,942,146**	1,023,247,897	**9,305,751**	
Total revenue	**1,093,791,251**	**39,676,666**	**1,133,467,917**	**1,093,918,728**	**(39,549,189)**	
Expenditure						
Employee Related Cost	(251,939,836)	21,748,561	**(230,191,275)**	(230,966,571)	**(775,296)**	
Remuneration of councillors	(9,998,363)	117,687	**(9,880,676)**	(9,803,063)	**77,613**	
Litigation Expenditure	-	(2,900,000)	**(2,900,000)**	(2,814,985)	**85,015**	
Depreciation and amortisation	(55,000,000)	(15,000,000)	**(70,000,000)**	(78,393,694)	**(8,393,694)**	
Finance costs	(888,000)	(340,000)	**(1,228,000)**	(1,723,031)	**(495,031)**	
Lease rentals on operating lease	-	(1,200,000)	**(1,200,000)**	(1,111,256)	**88,744**	
Debt Impairment	(22,500,000)	-	**(22,500,000)**	(244,496)	**22,255,504**	
Bulk purchases	(3,000,000)	(3,643,636)	**(6,643,636)**	(7,965,560)	**(1,321,924)**	
Contracted Services	-	(41,500,890)	**(41,500,890)**	(40,051,069)	**1,449,821**	
Transfers and Subsidies	(20,000,000)	-	**(20,000,000)**	(17,888,335)	**2,111,665**	
Repairs and Maintenance	(21,200,000)	(7,870,862)	**(29,070,862)**	(33,439,048)	**(4,368,186)**	
General Expenses	(146,864,983)	14,284,520	**(132,580,463)**	(80,629,725)	**51,950,738**	
Total expenditure	**(531,391,182)**	**(36,304,620)**	**(567,695,802)**	**(505,030,833)**	**62,664,969**	
Operating surplus	**562,400,069**	**3,372,046**	**565,772,115**	**588,887,895**	**23,115,780**	
Actuarial gains/losses	-	-	**-**	(46,801)	**(46,801)**	
Loss on non-current assets held for sale or disposal groups	-	-	**-**	(3,428,288)	**(3,428,288)**	
	-	**-**	**-**	**(3,475,089)**	**(3,475,089)**	
Surplus before taxation	**562,400,069**	**3,372,046**	**565,772,115**	**585,412,806**	**19,640,691**	
Capex	532,273,748	(532,273,748)	**-**	-	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**30,126,321**	**10,716,374**	**40,842,695**	**585,412,806**	**544,570,111**	

Accounting Policies

1. Presentation of Consolidated Financial Statements

The consolidated 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 consolidated 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.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 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 economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

1.3 Property, plant and equipment (continued)

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 is carried at cost less accumulated depreciation and any impairment losses except for X,X and X which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset’s carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited in revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20-40
Plant and machinery	Straight line	2-15

Accounting Policies

1.3 Property, plant and equipment (continued)

Furniture and fixtures	Straight line	2-10
Motor vehicles	Straight line	4-10
Office equipment	Straight line	2-10
Infrastructure- Water	Straight line	5-15
Infrastructure-Roads	Straight line	5-10
Bins and Containers	Straight line	5-10
Computer Equipment	Straight line	2-10
Emergency Equipment	Straight line	2-15
Park Homes	Straight line	20-40
Specialised Vehicles	Straight line	5-15

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 economic entity. 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.

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

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

1.4 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.

1.4 Intangible assets (continued)

The muncipality 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.

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	2-5

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

1.5 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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

Accounting Policies

1.5 Heritage assets (continued)

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.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

The municipality separately discloses expenditure to repair and maintain heritage assets 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).

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

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

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.5 Heritage assets (continued)

Impairment

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

Transfers

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

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

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

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

1.6 Financial instruments

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

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 entity 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 entity's statement of financial position.

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 entity 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 entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

1.6 Financial instruments (continued)

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

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

A financial 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 entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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

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

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.

A residual interest is any contract that manifests an interest in the assets of an entity 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 entity'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 entity.

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:
- the entity designates at fair value at initial recognition; or
- are held for trading.

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

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

1.6 Financial instruments (continued)

- 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 entity 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
Unlisted Investments	Financial asset measured at amortised cost
Investments in Fixed Deposits	Financial Asset measured at fair value
Long Term Receivables	Financial asset measured at amortised cost
Receivables from Exchange Transactions	Financial asset measured at amortised cost
Cash and Cash Equivalents- call deposits	Financial asset measured at fair value
Cash and Cash equivalents	Long Term Liabilites

The entity 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
Long Term liabilities	Financial liability measured at amortised cost
Payables	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost

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

Residual interest1	Measured at fair value
Residual interest2	Measured at cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

Financial assets measured at amortised cost:

1.6 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.

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 entity 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 entity 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 entity does not offset the transferred asset and the associated liability.

1.7 Leases

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

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

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

Accounting Policies

1.7 Leases (continued)

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 .

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.

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.

1.8 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 municpality 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 formula. The same cost formula is used for all inventories having a similar nature and use to the municpality.

Accounting Policies

1.8 Inventories (continued)

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

1.9 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

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 used 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:

- the period of time over which an asset is expected to be used by the economic entity; or
- the number of production or similar units expected to be obtained from the asset by the economic entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

[Specify judgements made]

1.10 Employee benefits

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

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 entity, 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 entity’s own creditors (even in liquidation) and cannot be paid to the reporting entity, 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 entity to reimburse it for employee benefits already paid.

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

- an entity’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.

1.10 Employee benefits (continued)

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

Short-term employee benefits

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

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and 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 entity 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 entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognise the expected cost of bonus, incentive and performance related payments when the entity 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.

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 entity 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.

Participating entities under common control

The contractual agreement, binding arrangement or stated policy for charging the net defined benefit cost is: [provide details] OR There is no contractual agreement, binding arrangement or stated policy for charging the net defined benefit cost.

The policy for determining the contribution to be paid by the entity is as follows: [provide details]

1.10 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

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

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

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

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

Insured benefits

Where the entity pays insurance premiums to fund a post-employment benefit plan, the entity treats such a plan as a defined contribution plan unless the entity will have (either directly or indirectly through the plan) a legal or constructive obligation to either:

- pay the employee benefits directly when they fall due; or
- pay further amounts if the insurer does not pay all future employee benefits relating to employee service in the current and prior reporting periods.

If the entity retains such a legal or constructive obligation, the entity treats the plan as a defined benefit plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (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 entity during a reporting period, the entity 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 entity 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.

Accounting Policies

1.10 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 entity 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 entity) that are held by an entity (a fund) that is legally separate from the reporting entity 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 entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity 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 entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity'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 entity measures the resulting asset at the lower of:

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

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

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

1.10 Employee benefits (continued)

The entity 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 entity 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 entity 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 entity 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 entity 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 entity 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 entity offsets an asset relating to one plan against a liability relating to another plan when the entity 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.

Accounting Policies

1.10 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 entity 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.

Accounting Policies

1.10 Employee benefits (continued)

Termination benefits

The entity 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 entity 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.

1.11 Provisions and contingencies

Provisions are recognised when:
- the economic entity 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 economic entity 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 surplus (deficit).

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.

1.11 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 an 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 41.

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 municiaplity 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 munciaplity 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.

1.11 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:
- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity test the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.9 and .

If the related asset is measured using the revaluation model:
- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.12 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.

Accounting Policies

1.12 Revenue from exchange transactions (continued)

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 economic entity;
- 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 .

Interest, royalties and dividends

Revenue arising from the use by others of entity 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.

1.13 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.

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.

1.13 Revenue from non-exchange transactions (continued)

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.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

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.

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

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

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

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

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

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.

1.14 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.

Accounting Policies

1.15 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.

1.16 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.

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.

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

2. Property, plant and equipment

Economic entity	2018			2017		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	465,000	-	465,000	465,000	-	465,000
Buildings	59,020,062	(22,089,366)	36,930,696	58,505,644	(20,193,036)	38,312,608
Infrastructure	2,176,002,353	(400,213,036)	1,775,789,317	2,068,069,463	(338,395,169)	1,729,674,294
Other property, plant and equipment	79,229,815	(38,180,515)	41,049,300	49,725,509	(22,063,688)	27,661,821
Assets Under Construction	1,729,765,284	-	1,729,765,284	1,352,909,108	-	1,352,909,108
Other leased Assets # 1	-	-	-	34,605,449	(5,751,425)	28,854,024
Total	**4,044,482,514**	**(460,482,917)**	**3,583,999,597**	**3,564,280,173**	**(386,403,318)**	**3,177,876,855**

Controlling entity	2018			2017		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	465,000	-	465,000	465,000	-	465,000
Buildings	57,294,070	(21,916,767)	35,377,303	56,779,652	(20,077,970)	36,701,682
Infrastructure	2,176,002,353	(400,213,036)	1,775,789,317	2,068,069,463	(338,395,169)	1,729,674,294
Other property, plant and equipment	77,657,683	(36,792,040)	40,865,643	48,193,527	(20,923,800)	27,269,727
Ancillary fleet equipment and security	1,729,765,282	-	1,729,765,282	1,352,909,108	-	1,352,909,108
Finance Leased Assets	-	-	-	34,605,449	(5,751,425)	28,854,024
Total	**4,041,184,388**	**(458,921,843)**	**3,582,262,545**	**3,561,022,199**	**(385,148,364)**	**3,175,873,835**

Reconciliation of property, plant and equipment - Economic entity - 2018

	Opening balance	**Additions**	**Disposals**	**Transfers received**	**Other changes, movements**	**Depreciation**	**Total**
Land	465,000	-	-	-	-	-	465,00
Buildings	38,312,608	514,419	-	-	-	(1,896,330)	36,930,69
Infrastructure	1,729,674,294	-	-	108,594,556	(245,011)	(62,234,522)	1,775,789,31
Other property, plant and equipment	27,661,819	2,760,036	(4,003,699)	28,854,024	-	(14,222,880)	41,049,30
Assets Under Construction	1,352,909,108	485,450,730	-	(108,594,556)	-	-	1,729,765,28
Other leased Assets # 1	28,854,025	-	-	(28,854,025)	-	-	
	3,177,876,854	**488,725,185**	**(4,003,699)**	**(1)**	**(245,011)**	**(78,353,732)**	**3,583,999,59**

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2017

	Opening balance	Additions	Disposals	Transfers received	Transfers	Depreciation	Total
Land	465,000	-	-	-	-	-	465,00
Buildings	38,844,973	1,883,020	-	(529,075)	-	(1,886,310)	38,312,60
Finance Leased Assets	31,622,460	-	-	-	-	(2,768,435)	28,854,02
Infrastructure	1,535,707,322	-	-	-	247,475,281	(53,508,309)	1,729,674,29
Other property, plant and equipment	29,242,935	8,247,549	(2,904,257)	-	-	(6,924,408)	27,661,81
Assets Under Construction	1,175,950,677	424,433,712	-	-	(247,475,281)	-	1,352,909,10
	2,811,833,367	**434,564,281**	**(2,904,257)**	**(529,075)**	**-**	**(65,087,462)**	**3,177,876,85**

Reconciliation of property, plant and equipment - Controlling entity - 2018

	Opening balance	Additions	Disposals	Transfers	Other changes, movements	Depreciation	Total
Land	465,000	-	-	-	-	-	465,00
Buildings	36,701,682	514,419	-	-	-	(1,838,797)	35,377,30
Infrastructure	1,729,674,294	-	-	108,594,556	(245,011)	(62,234,522)	1,775,789,31
Other property, plant and equipment	27,269,727	2,719,886	(3,955,867)	28,854,024	-	(14,022,127)	40,865,64
Assets Under Construction	1,352,909,108	485,450,730	-	(108,594,556)	-	-	1,729,765,28
Finance Leased Assets	28,854,024	-	-	(28,854,024)	-	-	
	3,175,873,835	**488,685,035**	**(3,955,867)**	**-**	**(245,011)**	**(78,095,446)**	**3,582,262,54**

Reconciliation of property, plant and equipment - Controlling entity - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	465,000	-	-	-	-	465,000
Buildings	37,176,514	1,883,020	(529,075)	-	(1,828,777)	36,701,682
Infrastructure	1,535,707,322	-	-	247,475,281	(53,508,309)	1,729,674,294
Other property, plant and equipment	28,578,756	8,096,534	(2,894,347)	-	(6,511,216)	27,269,727
Assets Under Construction	1,175,950,677	424,433,712	-	(247,475,281)	-	1,352,909,108
Finance Leased Assets	31,622,460	-	-	-	(2,768,436)	28,854,024
	2,809,500,729	**434,413,266**	**(3,423,422)**	**-**	**(64,616,738)**	**3,175,873,835**

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.

3. Intangible assets

Economic entity	2018			2017		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, internally generated	6,595,664	(3,711,705)	2,883,959	6,262,643	(3,354,512)	2,908,131

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

3. Intangible assets (continued)

Controlling entity	2018			2017		
	Cost / Valuation	**Accumulated amortisation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation and accumulated impairment**	**Carrying value**
Computer software, internally generated	6,124,680	(3,283,135)	2,841,545	5,821,359	(2,984,888)	2,836,471

Reconciliation of intangible assets - Economic entity - 2018

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, internally generated	2,908,131	313,021	20,000	(357,193)	2,883,959

Reconciliation of intangible assets - Economic entity - 2017

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	3,650,676	(40,001)	(702,544)	2,908,131

Reconciliation of intangible assets - Controlling entity - 2018

	Opening balance	Additions	Other changes, movements	Amortisation	Total
Computer software, internally generated	2,836,471	283,321	20,000	(298,247)	2,841,545

Reconciliation of intangible assets - Controlling entity - 2017

	Opening balance	Disposals	Amortisation	Total
Computer software, internally generated	3,499,014	(40,001)	(622,542)	2,836,471

4. Heritage assets

Economic entity	2018			2017		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	131,100	-	131,100	131,100	-	131,100

Controlling entity	2018			2017		
	Cost / Valuation	**Accumulated impairment losses**	**Carrying value**	**Cost / Valuation**	**Accumulated impairment losses**	**Carrying value**
Art Collections, antiquities and exhibits	131,100	-	131,100	131,100	-	131,100

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

5. Long Term Receivables

Other 1	1,088,862	1,088,862	1,088,862	1,088,862
Terms and conditions				
	1,088,862	1,088,862	1,088,862	1,088,862
Impairment of Staff Loans	(1,088,862)	(844,366)	(1,088,862)	(844,366)
	-	**244,496**	**-**	**244,496**

6. Investments

Designated at fair value				
Nedbank Long Term Investment	7,318,659	6,615,159	7,318,659	6,615,159

Account	Cashbook 2018	Cashbook 2017	Bank Statement 2018	Bank Statement 2017
Nedbank Account	7,318,659	6,615,159	7,318,659	6,615,159

7. Operating lease asset (accrual)

Current liabilities	(175,570)	(121,696)	(175,570)	(121,696)

8. Employee benefit obligations

9. Inventories

Consumable stores	5,009,195	4,789,277	5,009,195	4,789,277
Water	5,763,704	3,349,744	5,763,704	3,349,744
	10,772,899	**8,139,021**	**10,772,899**	**8,139,021**

9.1 Water Losses

Water Stock Opening Balance	207,460	206,060	207,460	206,060
Produced	2,920,347	5,944,574	2,920,347	5,944,574
Less Water Sales	(1,913,952)	(612,522)	(1,913,952)	(612,522)
Less Water stock closing balance	(207,190)	(207,460)	(207,190)	(207,460)
	1,006,665	**5,330,652**	**1,006,665**	**5,330,652**
Cost of producing one cubic meter	28	16	28	16
Water loss in rands	27,967,427	53,523,055	27,967,427	53,523,055
Water loss as a % of produced	66	75	66	75

10. Receivables from exchange transactions

Consumer debtors - Water	46,314,138	19,188,777	46,314,138	19,188,777
Consumer debtors - Sewerage	2,115,253	913,550	2,115,253	913,550
Consumer debtors - Other 1	1,495,248	2,535,842	1,448,850	2,070,738
	49,924,639	**22,638,169**	**49,878,241**	**22,173,065**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

10. Receivables from exchange transactions (continued)

Gross Amount

Water	115,600,506	98,921,061	115,600,506	98,921,064
Sanitation	15,391,488	12,752,273	15,391,488	12,752,273
Other	2,978,220	3,320,326	2,931,822	2,855,222
	133,970,214	**114,993,660**	**133,923,816**	**114,528,559**

Less Impairment Provison				
Water	(69,286,368)	(79,686,869)	(69,286,368)	(79,686,869)
Sanitation	(13,276,235)	(11,838,723)	(13,276,235)	(11,838,723)
Other	(1,482,972)	(829,901)	(1,482,972)	(829,901)
	(84,045,575)	**(92,355,493)**	**(84,045,575)**	**(92,355,493)**

Net Balances				
Water	46,314,138	19,234,195	46,314,138	19,234,195
Saniation	2,115,253	913,550	2,115,253	913,550
Other	1,495,248	2,490,425	1,448,972	2,025,321
	49,924,639	**22,638,170**	**49,878,363**	**22,173,066**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

10. Receivables from exchange transactions (continued)

Water

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Current (0-30 days)	4,292,803	1,631,025	4,292,803	1,631,025
31- 60 days	5,448,292	1,233,916	5,448,292	1,233,916
61-90 days	3,744,651	1,548,924	3,744,651	1,548,924
91-120 days	2,722,772	1,258,908	2,772,772	1,258,908
>120 days	99,341,988	93,248,290	99,341,988	93,248,290
	115,550,506	**98,921,063**	**115,600,506**	**98,921,063**

Sewerage

Current (0-30)	343,728	314,587	343,728	314,587
31-60 days	328,925	304,152	328,925	304,152
61-90 days	317,137	295,071	317,137	295,071
91-120 days	304,532	291,518	304,532	291,518
>120 days	14,097,598	11,546,946	14,097,598	11,546,946
	15,391,920	**12,752,274**	**15,391,920**	**12,752,274**

Other				
Current (0-30 days)	79,415	494,994	33,017	29,890
31-60 days	33,017	29,890	33,017	29,890
61- 90 days	33,017	29,890	33,017	29,890
91-120 days	32,730	29,890	32,730	29,890
>120 days	2,800,040	2,735,663	2,800,040	2,735,663
	2,978,219	**3,320,327**	**2,931,821**	**2,855,223**

Summary of debtors by classification

Consumers				
Current (0-30 days)	847,086	1,015,872	847,086	1,015,872
31- 60 days	1,387,071	782,390	1,387,071	782,390
61-90 days	1,428,807	979,119	1,428,807	979,119
91- 120 days	814,660	894,479	814,660	894,479
> 120 days	72,871,803	69,113,192	72,871,803	69,113,192
Subtotal	77,349,427	72,785,052	77,349,427	72,785,052
Less Impairment	-	-	(64,258,161)	(69,067,776)
	77,349,427	**72,785,052**	**13,091,266**	**3,717,276**

Industrial/ Commercial				
Current (0-30 days)	360,783	422,845	360,783	422,845
31-60 days	652,022	359,633	652,022	359,633
61- 90 days	591,825	393,242	591,825	393,242
91 - 120 days	430,000	386,305	430,000	386,305
>120 days	22,558,097	20,489,249	22,558,097	20,489,249
Subtotal	24,592,727	22,051,274	24,592,727	22,051,274
Less Impairment Provision	(21,739,165)	(10,558,801)	(21,739,165)	(10,558,801)
	2,853,562	**11,492,473**	**2,853,562**	**11,492,473**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

10. Receivables from exchange transactions (continued)

Churches				
Current (0-30 days)	22,810	22,200	22,810	22,200
31-60 days	41,608	46,679	41,608	46,679
61- 90 days	39,218	23,027	39,218	23,027
91- 120 days	27,659	20,354	27,659	20,354
> 120 days	1,744,123	1,330,645	1,744,123	1,330,645
Subtotal	1,875,418	1,442,905	1,875,418	1,442,905
Less Impairment	(1,696,393)	(1,388,968)	(1,696,393)	(1,388,968)
	179,025	**53,937**	**179,025**	**53,937**

National and Provincial Government				
Current (0-30 days)	3,342,615	514,584	3,342,615	514,584
31-60 days	3,729,534	379,256	3,729,534	379,256
61- 90 days	2,034,955	478,497	2,034,955	478,497
91-120 days	1,836,848	279,178	1,836,848	279,178
>120 days	17,669,512	15,182,433	17,669,512	15,182,433
Subtotal	28,613,464	16,833,948	28,613,464	16,833,948
	(10,468,314)	(10,226,971)	(10,468,314)	(10,226,971)
	18,145,150	**6,606,977**	**18,145,150**	**6,606,977**

Other Sundry				
	1,471,289	1,880,484	1,424,891	1,415,380
	(1,424,202)	(785,536)	(1,424,202)	(785,536)
	47,087	**1,094,948**	**689**	**629,844**

Total				
Current (0-30days)	4,715,515	2,440,606	4,669,117	1,975,502
31-60 days	5,810,234	1,567,958	5,810,234	1,567,958
61-90 days	4,094,805	1,873,885	4,094,805	1,873,885
91-120 days	3,110,034	1,580,316	3,110,034	1,580,316
>120 days	116,239,626	107,530,899	116,239,626	107,530,899
Subtotal	133,970,214	114,993,664	133,923,816	114,528,560
Less Provision for Impairment	(84,045,576)	(92,355,494)	(84,045,576)	(92,355,494)
	49,924,638	**22,638,170**	**49,878,240**	**22,173,066**

Reconciliation of provision for impairment of trade and other receivables

Opening balance	92,355,493	86,323,145	92,355,493	86,323,145
Provision for impairment	(8,309,918)	6,032,348	(8,309,918)	6,032,348
	84,045,575	**92,355,493**	**84,045,575**	**92,355,493**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

10. Receivables from exchange transactions (continued)

Consumer debtors pledged as security

No consumer debtors were pledged as security during the year.
Credit quality of consumer receivables
The credit quality of consumer receivables from exchange transactions that are neither past due nor impaired can be assesed for indications of impairment. The municipality considers that the above financial assets that are not impaired at each of the reporting dates under review are of good credit quality. The municipality continously monitors consumers and identified groups by reference to average payment history and incoporates this information into its credit risk control. No external credit rating is performed.

Consumers receivables are billed monthly. No interest is charged on consumer receivables. An imputed interest has been calculated to comply with the provisions of GRAP 9 paragraph 15 of revenue recognition. The municipality enforces its approved credit control policy to ensure the recovery of consumer receivables. Deposits are required to be paid for all water accounts opened.
None of the financial assets that are fully performing have been renegotiated in the last year.]

11. Receivables from non-exchange transactions

Staff Debtors	618,392	1,053,251	618,392	1,053,251
Other Debtors	601,490	-	601,490	-
	1,219,882	**1,053,251**	**1,219,882**	**1,053,251**

12. VAT receivable

VAT	22,169,319	28,614,404	28,088,651	21,909,269

13. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	70,924,022	9,708,628	70,923,522	9,708,128
Bank balances	23,827,095	391,376	23,737,584	185,482
Short-term deposits	628,816	419,109	-	-
	95,379,933	**10,519,113**	**94,661,106**	**9,893,610**

13. 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**
Main Account- Current Account #62024932974	28,448,579	14,182,983	9,184,689	23,737,581	185,482	9,012,821
ANDM Main Call Account # 62474364553	25,643,010	7,446,960	27,581	25,643,011	7,446,960	6,402,568
Attic Account- Call Account #62058639348	-	14,175	212,653	-	14,175	212,653
DBSA- MIG Front loading Account # 62425228732	42,352,676	2,528	5,748	42,352,676	2,528	5,748
Disaster Relief Account #624546557720	403,129	517,655	1,158,507	403,129	517,655	1,494,956
DWAF Capital Account #62027459371	75,967	25,424	8,536,574	75,967	25,424	3,066,982
EPWP Account # 62058637110	64,819	61,633	9,204	329,624	61,633	9,204
FMG	65,326	5,068	493,811	65,326	5,068	328,422
MWIG Grant/ Led Capacity	115,244	32,153	2,060,879	115,244	32,153	2,060,879
MSIG Account # 62027455808	-	4,859	676,917	-	4,859	377,172
Reserve Fund Account# 62027456559	11,490	505,800	9,023,167	11,490	505,800	9,023,167
Rural Housing and Development Account#62027456559	-	3,467	3,609,954	-	3,467	3,609,945
Sport & Recreation Account # 620255448855	123,110	154,372	7,043	123,110	154,372	7,043
Thetha/ ISDG Account# 62093560136	1,437,430	834,470	891,769	1,437,430	834,470	451,515
MIG Account # 62065368328	366,512	99,564	306,269	366,512	99,564	306,269
FNB-Main Account#62215290355	430,148	745	(28,308)	17,839	745	(28,308)
FNB Bank SMME Call Account- 62238128517	546,731	1,283	65,969	546,731	1,283	65,969
FNB Bank- Livestock Call Account -62238128351	3,724	3,708	3,496	3,274	3,708	3,496
FNB Bank -Tourism Call	1,337	1,451	4,733	1,337	1,451	4,733
FNB Bank Fruit & Veg Call Account # 62238129094	1,444	1,552	1,470	1,444	1,552	1,470
FNB Bank- Wodcluster Call Accont#- 62238129804	1,466	1,573	1,483	1,466	1,573	1,483
FNB Bank- Cut Flower Call- Account-62238128129	2,268	2,331	2,198	2,268	2,331	2,198
Capacity Building	1,044	-	-	1,039	-	-
Resource Mobilisation	1,039	-	-	1,039	-	-
FNB ANDA Reserve Fund- 62238130231	69,768	407,211	2,821	69,768	407,211	2,821
FNB Bank- Grain Account #62238127949	71,672	205,149	830,557	71,762	205,149	830,557
Total	**100,237,933**	**24,516,114**	**37,089,184**	**95,379,067**	**10,518,613**	**37,253,763**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

14. Finance lease obligation

Minimum lease payments due				
- within one year	-	8,531,749	-	8,531,749
	-	8,531,749	-	8,531,749
less: future finance charges	-	(338,493)	-	(338,493)
Present value of minimum lease payments	**-**	**8,193,256**	**-**	**8,193,256**

The lease liabilty relates to motor vehicles acquired during the 2014/15 and 2015/2016 financial years. The lease term is 32 months with effective interest rate 10.5%. The net book value as reported under note 3

The entity's obligations under finance lease are secured by the lessors charge over the leased assets.

15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts				
Unspent grants 7	(1)	(1)	(1)	(1)
Unspent grants 18	-	1	-	1
Unspent grants 23	3	405,122	3	405,122
	2	**405,122**	**2**	**405,122**

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

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

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

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

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

16. Provisions

Reconciliation of provisions - Economic entity - 2018

	Opening Balance	Additions	Total
Current Long Service	1,097,790	(200,742)	897,048
Non Current Long Service	6,086,462	573,957	6,660,419
	7,184,252	**373,215**	**7,557,467**

Reconciliation of provisions - Economic entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Current Long Service	1,389,405	(291,615)	-	1,097,790
Non Current Long Service	5,895,707	1,764,898	(1,574,143)	6,086,462
	7,285,112	**1,473,283**	**(1,574,143)**	**7,184,252**

Reconciliation of provisions - Controlling entity - 2018

	Opening Balance	Additions	Total
Current Long Service	1,097,790	(200,742)	897,048
Non Current Long Service	6,086,462	573,957	6,660,419
	7,184,252	**373,215**	**7,557,467**

Reconciliation of provisions - Controlling entity - 2017

	Opening Balance	Additions	Utilised during the year	Total
Current Long Service	1,389,405	(291,615)	-	1,097,790
Non Current Long Service	5,895,707	1,764,898	(1,574,143)	6,086,462
	7,285,112	**1,473,283**	**(1,574,143)**	**7,184,252**

Non-current liabilities	6,660,419	6,086,462	6,660,419	6,086,462
Current liabilities	897,048	1,097,790	897,048	1,097,790
	7,557,467	**7,184,252**	**7,557,467**	**7,184,252**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long- service award is payable after five years of continuous service and every five 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. These provisions are made to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

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, 448 (2017: 438) employees were eligible for Long Service Awards.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

16. Provisions (continued)

The principal assumptions used for the purpose of the acturial valuations were as follows				
Discount rate %	9	8	9	8
Cost Inflation Rate %	6	6	6	6
Net Effective Discount rate %	2	2	2	2
Expected Retirement Age - Females	60	60	60	60
Expected Retirement Age - Males	65	65	65	65
	-	-	-	-

Movement in the present value of the Defined Obligation were as follows				
Balance at the beginning of the year	7,184,252	7,285,112	7,184,252	7,285,112
Current Service Cost	867,505	914,964	867,505	914,964
Interest Cost	556,699	558,319	556,699	558,319
Benefit Paid	(1,097,790)	(1,389,405)	(1,097,790)	(1,389,405)
Acturial (gains)/ losses	46,801	(184,738)	46,801	(184,738)
	7,557,467	**7,184,252**	**7,557,467**	**7,184,252**

The amounts recognised in the Statement of Financial Performance are as follows				
Current Service Cost	867,505	964,964	867,505	964,964
Interest Cost	556,699	558,319	556,699	558,319
Acturial Gains	46,801	(184,738)	46,801	(184,738)
	1,471,005	**1,338,545**	**1,471,005**	**1,338,545**

The history of the adjustments is as follows	**2018**	**2017**	**2016**	**2015**	**Total**
Present Value Defined Obligation	7,557,467	7,184,252	7,285,122	6,790,210	28,817,051

17. Long Term Loan

Annuity loan is with the Development Bank of South Africa over a period of 25 years and at an interest rate of 11.47% per annum.

The municipality did not default on any payment of its Long Term Liabilities. No terms for payment were re-negotiated by the municipality.

An Investment with Nedbank (Account Number 7881111046/0002) has been ceded as security for the loan
Refer to Appendix for more detail on Long term liabilities.

Development Bank of South Africa				
Non Current at Amortised Cost	6,669,086	7,408,437	6,669,086	7,408,437
Current at Amortised Cost	952,631	892,645	952,631	892,645
	7,621,717	**8,301,082**	**7,621,717**	**8,301,082**

18. Payables From Non - Exchange Transactions

Unallocated Credits				
	378,373	376,458	378,373	376,458

Notes to the Consolidated Financial Statements

Figures in Rand	Economic entity 2018	Economic entity 2017	Controlling entity 2018	Controlling entity 2017

19. Payables from exchange transactions

Trade payables	1,746,574	4,320,377	1,106,838	2,093,783
Accruals	35,515,342	106,040,615	35,410,050	106,040,615
Accrued leave pay	22,156,026	18,439,214	21,925,364	17,938,232
Accrued bonus	4,322,731	4,102,307	4,322,731	4,102,307
Other payables	68,449,310	50,171,166	68,449,310	50,171,166
Third Party Payments	(5,594)	119	(7,595)	(1,882)
Other Creditors #5	1	1	-	-
Other Creditors	-	151,656	-	151,656
Other Creditors #9	(170,199)	31,793	(82,783)	(715,260)
	132,014,191	**183,257,248**	**131,123,915**	**179,780,617**

20. Revenue

Service charges	35,697,756	14,745,947	35,697,756	14,745,947
Rental of facilities and equipment	428,722	532,090	344,695	454,897
Agency services	173,800	26,323	173,800	26,323
Reversal of Impairment	8,309,918	-	8,309,918	-
Other income	1,283,869	2,206,671	882,785	2,171,278
Interest received - investment	25,362,949	17,977,882	25,261,877	17,847,268
Government grants & subsidies	1,029,847,778	959,404,332	1,023,247,897	957,611,832
	1,101,104,792	**994,893,245**	**1,093,918,728**	**992,857,545**

The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	35,697,756	14,745,947	35,697,756	14,745,947
Rental of facilities and equipment	428,722	532,090	344,695	454,897
Agency services	173,800	26,323	173,800	26,323
Reversal of Impairment Loss Provision	8,309,918	-	8,309,918	-
Other income	1,283,869	2,206,671	882,785	2,171,278
Interest received - investment	25,362,949	17,977,882	25,261,877	17,847,268
	71,257,014	**35,488,913**	**70,670,831**	**35,245,713**

The amount included in revenue arising from non-exchange transactions is as follows:				
Taxation revenue				
Transfer revenue				
Government grants & subsidies	1,029,847,778	959,404,332	1,023,247,897	957,611,832

21. Service charges

Sale of water	32,465,743	12,523,909	32,465,743	12,523,909
Sewerage and sanitation charges	3,232,013	2,222,038	3,232,013	2,222,038
	35,697,756	**14,745,947**	**35,697,756**	**14,745,947**

22. Rental of facilities and equipment

Premises				
Premises	428,722	532,090	344,695	454,897

23. Other revenue

Other income - (rollup)	1,283,869	2,206,671	882,785	2,171,278

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

24. Other income

Clearance fees	289,167	42,620	289,167	42,620
Fire levy	11,778	21,736	11,778	21,736
Sundry Income	982,924	357,671	581,840	322,278
Sassetta	-	1,522,707	-	1,522,707
Insurance claim	-	261,937	-	261,937
	1,283,869	**2,206,671**	**882,785**	**2,171,278**

25. Investment revenue

Interest revenue				
Call Deposits	14,941,458	8,238,305	14,840,386	8,107,691
Debtors Discounting	10,421,491	9,739,577	10,421,491	9,739,577
	25,362,949	**17,977,882**	**25,261,877**	**17,847,268**

26. Grants and subsidies paid

Grants and Subsidies paid				
Other Grants	375,312	84,707,754	17,888,335	101,235,681

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

27. Government grants and subsidies

Operating grants

Equitable share	437,586,120	387,046,635	437,586,120	387,046,635
Finance Management Grant	1,795,000	1,460,000	1,795,000	1,460,000
HWSETA	-	1,792,500	-	-
Service Seta	6,599,881	-	-	-
Local Government Seta	634,493	649,525	634,493	649,525
National Heritage Grant	-	405,000	-	405,000
Human Settelements Grants	22,715,146	-	22,715,146	-
Energy Efficient and Demand Management	5,000,000	8,000,000	5,000,000	8,000,000
Rural Housing Grant	-	1,327,253	-	1,327,253
Expanded Public Works Grant	10,280,000	6,006,001	10,280,000	6,006,001
Water Services Infrastructure Grant	109,999,999	101,171,000	109,999,999	101,171,000
Municipal Infrastructure Grant	373,989,000	361,497,000	373,989,000	361,497,000
Regional Bulk Infrastructure Grant	53,569,139	83,297,538	53,569,139	83,297,538
Department of Transport	2,285,000	2,157,000	2,285,000	2,157,000
Infrastructure Skills Grant	5,394,000	4,594,880	5,394,000	4,594,880
	1,029,847,778	**959,404,332**	**1,023,247,897**	**957,611,832**

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 - (2017: R -), which is funded from the grant.

Expanded Public Works Programme

Current-year receipts	10,280,000	6,006,000	10,280,000	6,006,000
Conditions met - transferred to revenue	(10,280,000)	(6,006,000)	(10,280,000)	(6,006,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

EPWP grant is used to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: road maintenance and maintenance of buildings, low traffic volume roads and rural roads, basic services, infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure) other economic and social infrastructure, tourism and cultural industries, waste management, parks and beautification, sustainable land based livelihoods, social services programmes and community safety programmes.

Municipal Systems Improvement Grant

Conditions still to be met - remain liabilities (see note 15).

The grant was used to establish and review policies, by laws, internal control systems and preparation of a GRAP compliant Asset Register. Funds for this grant were not received and no communication was received from treasury.

Finance Management Grant

Current-year receipts	1,795,000	1,460,000	1,795,000	1,460,000
Conditions met - transferred to revenue	(1,795,000)	(1,460,000)	(1,795,000)	(1,460,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15)..

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

27. Government grants and subsidies (continued)

The Finance Management Grant is allocated to municipalities to assist in building in house capacity to perform their functions and to improve and stabilse municipal systems. No funds have been withheld.Additional text

Municipal Infrustructure Grant

Current-year receipts	373,989,000	361,497,000	373,989,000	361,497,000
Conditions met - transferred to revenue	(373,989,000)	(361,497,000)	(373,989,000)	(361,497,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

The grant is meant to eradicate basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

Department of Transport

Current-year receipts	2,285,000	2,157,000	2,285,000	2,157,000
Conditions met - transferred to revenue	(2,285,000)	(2,157,000)	(2,285,000)	(2,157,000)
	-	-	-	-

Conditions still to be met - remain liabilities The grant is used to supplement projects for the repair of roads and bridges damaged declared natural disasters.

Conditions still to be met - remain liabilities (see note 15.

Water Services Infrustructure Grant

Balance unspent at beginning of year	(1)	3,934,364	(1)	3,934,364
Current-year receipts	110,000,000	101,171,000	110,000,000	101,171,000
Conditions met - transferred to revenue	(109,999,999)	(101,171,000)	(109,999,999)	(101,171,000)
Recalled by Treasury	-	(3,934,365)	-	(3,934,365)
	-	**(1)**	**-**	**(1)**

Conditions still to be met - remain liabilities (see note 15).

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

Infrastructure Skills Development Grant

Balance unspent at beginning of year	405,122	1	405,122	1
Current-year receipts	5,394,000	5,000,000	5,394,000	5,000,000
Conditions met - transferred to revenue	(5,394,000)	(4,594,879)	(5,394,000)	(4,594,879)
Recalled by Treasury	(405,122)	-	(405,122)	-
	-	**405,122**	**-**	**405,122**

Conditions still to be met - remain liabilities (see note 15).
To recruit unemployed graduates into municipalities to be trained as the requirements of the relevant statutory councills within the built environment.

Regional Bulk Grant

Balance unspent at beginning of year	-	2,636,874	-	2,636,874
Current-year receipts	53,569,139	80,660,664	53,569,139	80,660,664
Conditions met - transferred to revenue	(53,569,139)	(83,297,538)	(53,569,139)	(83,297,538)

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

27. Government grants and subsidies (continued)

	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

The grant was used for construction of dams which will provide sustainable water supply to the communities of Umzimvubu ans Matatilele local areas. The grant is transfered from DWA.

Rural Housing

Current-year receipts	-	1,327,254	-	1,327,254
Conditions met - transferred to revenue	-	(1,327,254)	-	(1,327,254)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

To provide specific capital funding for the reduction of ruarl sanitation backlogs and to target existing households where bulk dependant services are not viable.

Energy Efficiency

Current-year receipts	5,000,000	8,000,000	5,000,000	8,000,000
Conditions met - transferred to revenue	(5,000,000)	(8,000,000)	(5,000,000)	(8,000,000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 15).

To provide subsidies to municipalities to implement energy efficiency and demand side management initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency..

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

28. Employee related costs

Basic	158,038,967	149,058,138	151,961,367	142,315,656
Bonus	8,983,687	8,212,558	8,983,687	8,212,558
Medical aid - company contributions	8,315,015	7,144,626	7,856,085	6,976,103
UIF	1,240,225	912,893	1,208,109	854,999
SDL	1,805,571	1,706,927	1,719,631	1,632,734
Other payroll levies	163,824	-	-	-
Leave pay provision charge	5,706,126	10,496,327	5,976,446	10,301,494
Defined contribution plans	15,834,761	14,117,707	15,279,212	13,727,316
Overtime payments	565,796	3,790,380	565,796	3,790,380
Long-service awards	892,459	696,143	892,459	696,143
Transport allowance (bus coupons)	14,693,623	13,018,842	14,693,623	13,018,842
Car allowance	878,214	388,956	-	-
Housing benefits and allowances	7,785,717	7,561,118	7,785,717	7,561,118
Standby Allowances	197,355	1,217,738	197,355	1,217,738
Shift Alowances	13,801,483	12,258,233	13,801,483	12,258,233
Bargaining Council	45,601	43,476	45,601	43,476
	238,948,424	**230,624,062**	**230,966,571**	**222,606,790**

Remuneration of Municipal Manager

Annual Remuneration	1,077,203	958,112	1,077,203	958,112
Car Allowance	88,874	76,902	88,874	76,902
Bonus	36,493	77,645	36,493	77,645
Contributions to UIF	15,252	322,987	15,252	322,987
Other	381,892	138,423	381,892	138,423
	1,599,714	**1,574,069**	**1,599,714**	**1,574,069**

Remuneration of Chief Finance Officer

Annual Remuneration	547,272	159,490	547,272	159,490
Car Allowance	243,200	30,000	243,200	30,000
Bonus	69,028	9,973	69,028	9,973
Contributions to UIF, Medical and Pension Funds	13,155	-	13,155	-
Other	456,974	-	456,974	-
	1,329,629	**199,463**	**1,329,629**	**199,463**

The CFO joined in May 2017 hence the comparative is lower.

Remuneration of Senior Manager - Community Services

Annual Remuneration	967,787	929,954	967,787	929,954
Car Allowance	148,535	137,471	148,535	137,471
Bonus	77,496	72,020	77,496	72,020
Contributions to UIF	16,218	248,400	16,218	248,400
Other	416,007	136,620	416,007	136,620
	1,626,043	**1,524,465**	**1,626,043**	**1,524,465**

Remuneration of Senior Manager- Corporate Services

Annual Remuneration	172,826	394,843	172,826	394,843
Car Allowance	72,011	97,687	72,011	97,687
Bonus	-	73,527	-	73,527
Contributions to UIF, Medical and Pension Funds	3,086	53,315	3,086	53,315
Other	28,804	59,340	28,804	59,340

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

28. Employee related costs (continued)

	276,727	**678,712**	**276,727**	**678,712**

Remuneration of Senior Manager -Technical Services

Annual Remuneration	964,731	929,954	964,731	929,954
Car Allowance	199,253	326,579	199,253	326,579
Bonuses	53,411	75,363	53,411	75,363
Contributions to UIF	15,868	162,812	15,868	162,812
Other	155,931	33,099	155,931	33,099
	1,389,194	**1,527,807**	**1,389,194**	**1,527,807**

Remuneration of Senior Manager -Planning and Economic Development

Annual Remuneration	873,650	929,951	873,650	929,951
Car Allowance	70,723	74,641	70,723	74,641
Bonus	89,834	63,343	89,834	63,343
Contributions to UIF, Medical and Pension Funds	16,210	179,140	16,210	179,140
Other	424,336	268,709	424,336	268,709
	1,474,753	**1,515,784**	**1,474,753**	**1,515,784**

29. Remuneration of councillors

Councillors	9,803,063	8,804,757	9,803,063	8,804,757

Remuneration of Councillors				
Executive Mayor	826,414	664,966	826,414	664,966
Deputy Mayor	661,129	507,513	661,129	507,513
Speaker	649,262	531,971	649,262	531,971
Chief Whip	619,811	498,724	619,811	498,724
Mayoral Committee	4,721,790	3,299,652	4,721,790	3,299,652
Councillors	2,324,657	3,301,931	2,324,657	3,301,931
	9,803,063	**8,804,757**	**9,803,063**	**8,804,757**

30. Litigation Expenditure

Legal Fees	2,814,985	2,862,667	2,814,985	2,862,667

31. Depreciation and amortisation

Property, plant and equipment	78,758,760	66,654,757	78,393,694	66,106,910

32. Finance costs

Interest on Overdue Accounts	42,660	88,710	42,660	88,710
Finance leases	338,493	1,465,024	338,493	1,465,024
Late payment of tax	452,215	-	452,215	-
DBSA Loan	910,354	966,414	889,663	964,985
	1,743,722	**2,520,148**	**1,723,031**	**2,518,719**

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

33. Debt impairment

Debt impairment	244,496	6,032,348	244,496	6,032,348

34. Bulk purchases

Water	7,965,560	6,480,389	7,965,560	6,480,389

35. Contracted services

Fleet Services	12,446,256	13,461,201	12,446,256	13,461,201
Specialist Services	346,134	759,697	346,134	759,697
Other Contractors	27,258,679	32,461,980	27,258,679	32,461,980
	40,051,069	**46,682,878**	**40,051,069**	**46,682,878**

36. General expenses

Accounting fees	1,155,550	1,890,783	-	-
Advertising	969,893	3,383,082	932,843	3,381,444
Auditors remuneration	7,024,571	8,023,220	5,977,066	6,878,996
Bank charges	861,150	771,826	836,754	755,811
Cleaning	39,531	559,813	29,802	555,654
Consulting and professional fees	4,328,181	26,640,316	3,175,755	26,215,665
Consumables	2,219,141	7,924,734	2,219,141	7,924,734
Entertainment	-	22,000	-	-
Insurance	1,077,825	691,575	953,726	589,802
Conferences and seminars	2,133,894	36,235	2,133,894	36,235
Magazines, books and periodicals	-	(5,830)	-	(5,830)
Motor vehicle expenses	9,176	25,675	-	-
Packaging	172	-	-	-
Fuel and oil	3,739,798	3,230,751	3,739,496	3,230,751
Placement fees	-	224,990	-	224,990
Postage and courier	260	-	-	-
Printing and stationery	857,926	729,839	782,031	695,846
Protective clothing	2,102,979	1,995,715	2,102,979	1,995,715
Project maintenance costs	7,135,192	4,188,668	-	-
Software expenses	260,712	-	260,712	-
Subscriptions and membership fees	2,676,479	102,109	2,671,479	102,109
Telephone and fax	7,412,082	7,835,769	6,975,756	7,404,490
Transport and freight	109,639	26,940	-	-
Training	213,535	1,770,489	-	1,798,489
Travel - local	12,267,605	16,675,901	11,179,564	16,131,212
Electricity	13,450,884	12,314,401	13,331,635	12,260,578
Accomodation	4,530,101	8,364,913	4,268,762	8,322,484
Audit Committee	648,065	467,996	388,885	369,496
Catering and Venue Hire	746,397	9,813,902	739,397	9,813,902
Office Refreshments	6,599	2,853	-	-
Licence fees	7,817,208	1,271,253	7,720,430	1,141,109
Other expenses	10,346,323	25,533,474	10,209,618	25,477,142
	94,140,868	**144,513,392**	**80,629,725**	**135,300,824**

37. Auditors' remuneration

Fees	7,024,571	8,023,220	5,977,066	6,878,996

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

38. Cash generated from operations

Surplus	588,164,365	320,934,042	585,412,806	320,234,293
Adjustments for:				
Depreciation and amortisation	78,758,760	66,654,757	78,393,694	66,106,910
Gain on discontinued operations	3,428,288	1,078,490	3,428,288	1,117,447
Acturial Gains	(8,309,918)	(184,736)	(8,309,918)	(184,736)
Debt impairment	244,496	6,087,294	244,496	6,032,348
Movements in operating lease assets and accruals	53,874	75,935	53,874	75,935
Movements in provisions	373,215	(100,860)	373,215	(100,860)
Provision for Leave	(12,706,167)	7,408,804	(12,706,167)	7,408,804
Changes in working capital:				
Inventories	(2,633,878)	(2,590,241)	(2,633,878)	(2,590,241)
Receivables from exchange transactions	(27,524,509)	(11,171,010)	(27,524,509)	(11,171,010)
Other receivables from non-exchange transactions	(166,631)	25,486	(166,631)	25,486
Payables from exchange transactions	(51,141,757)	23,219,575	(48,555,402)	26,583,732
VAT	(7,007,493)	(11,619,156)	(6,221,690)	(14,063,010)
Unspent conditional grants and receipts	(405,120)	(7,559,141)	(405,120)	(7,493,641)
Payables From Non Exchange Transactions	355,945	(578,232)	355,943	(578,232)
	561,483,470	**391,681,007**	**561,739,001**	**391,403,225**

39. Financial instruments disclosure

Categories of financial instruments

Economic entity - 2018

Financial assets

	At fair value	At amortised cost	Total
Long Term Investment	7,318,659	-	7,318,659
Trade and other receivables from exchange transactions	-	49,924,639	49,924,639
Other receivables from non-exchange transactions	-	1,219,882	1,219,882
Cash and cash equivalents	95,379,930	-	95,379,930
VAT receivable	-	22,169,319	22,169,319
	102,698,589	**73,313,840**	**176,012,429**

Financial liabilities

	At amortised cost	Total
Long Term Loan	7,621,717	7,621,717
Operating Lease Liability	175,570	175,570
Payables from Non Exchange Transactions	378,373	378,373
Trade and other payables from exchange transactions	132,014,190	132,014,190
	140,189,850	**140,189,850**

Economic entity - 2017

Financial assets

	At fair value	At amortised cost	Total
Long Term Investments	6,615,159	-	6,615,159
Long Term Receivables	-	244,496	244,496
Trade and Other Receivables from exchange transactions	-	22,818,836	22,818,836

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

39. Financial instruments disclosure (continued)

Other receivables from non-exchange transactions		-	1,053,251	1,053,251
Cash and cash equivalents		10,519,113	-	10,519,113
VAT Receivable		-	15,204,134	15,204,134
		17,134,272	**39,320,717**	**56,454,989**

Financial liabilities

	At amortised cost	Total
Finance Lease Obligation	8,205,675	8,205,675
Long Term Loan	8,301,082	8,301,082
Unspent conditional grant	405,121	405,121
Trade and other payables from exchange transactions	183,155,946	183,155,946
Oerating Lease Liability	121,696	121,696
Payables from non exchange transactions	370,458	370,458
	200,559,978	**200,559,978**

Controlling entity - 2018

Financial assets

	At fair value	At amortised cost	At cost	Total
Unlisted Investments	-	-	100	100
Long Term Receivables	-	244,496	-	244,496
Long Term Investment	7,318,659	-	-	7,318,659
Trade and other receivables from exchange transactions	-	27,741,131	-	27,741,131
Other receivables from non-exchange transactions	-	1,260,882	-	1,260,882
Cash and cash equivalents	94,661,100	-	-	94,661,100
VAT Receivable	-	28,150,959	-	28,150,959
	101,979,759	**57,397,468**	**100**	**159,377,327**

Financial liabilities

	At amortised cost	Total
Long Term Loan	7,621,717	7,621,717
Trade and other payables from exchange transactions	135,076,245	135,076,245
Operating Lease Liability	175,570	175,570
Payables From Non Exchange Transactions	378,373	378,373
	143,251,905	**143,251,905**

Controlling entity - 2017

Financial assets

	At fair value	At amortised cost	At cost	Total
Unlisted Investments	-	-	100	100
Long Term Investments	6,615,159	-	-	6,615,159
Long Term Receivables	-	244,496	-	244,496
Trade and other receivables from exchange transactions	-	22,353,732	-	22,353,732
Other receivables from non-exchange transactions	-	1,053,251	-	1,053,251

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

39. Financial instruments disclosure (continued)

Cash and cash equivalents	9,893,610	-	-	9,893,610
VAT Receivable	20,697,975	-	-	20,697,975
	37,206,744	**23,651,479**	**100**	**60,858,323**

Financial liabilities

	At amortised cost	Total
Finance Lease Obligation	8,205,675	8,205,675
Long Term Loan	8,301,082	8,301,082
Unspent Conditional Grants	405,121	405,121
Trade and other payables from exchange transactions	179,679,317	179,679,317
Operating lease liability	121,696	121,696
Payables from non exchange transactions	370,458	370,458
	197,083,349	**197,083,349**

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for				
• Property, plant and equipment	1,195,025,169	1,034,084,360	1,195,025,169	1,034,084,360
Total capital commitments				
Already contracted for but not provided for	1,195,025,169	1,034,084,360	1,195,025,169	1,034,084,360

Operating leases - Buildings Expenses

Minimum lease payments due				
- within one year	327,067	372,451	327,067	300,451
- in second to fifth year inclusive	1,272,850	1,347,999	1,272,850	1,347,999
- later than five years	666,980	918,899	666,980	918,899
	2,266,897	**2,639,349**	**2,266,897**	**2,567,349**

Operating Leases Equipment				
Within one year	740,709	281,043	740,709	281,043
In second year to fifth year	617,258	-	617,258	-
	1,357,967	**281,043**	**1,357,967**	**281,043**

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

41. Contingencies

Contingent Liabilities	2018	2017
In 2006 Malukazi Projetc Mnagers issued summons for services rendered in the sanitation programme	-	1,914,259
In 2008 summons were issued by Affinity Solutions (Pty) Ltd for services rendered. The municipality is defending the matter. A trial date is awaited.	-	313,505
In 2009 Z Mgwebi issued summons for damages emanating from failure to act by the municipality it being alleged the municipality falied to assits her together with her minor children to claim from the Provident fund. The matter is defended by the municipality. The matter is now in pleading stage	1,200,000	1,200,000
Makwazine vs ANDM In this matter summons were issued against the municipality for payment of the sum R115 000 for services rendered it being allged that the service provider was appointed to render certain services. The matter is being defended.	115,000	115,000
During 2010 J and G Enterprises issued summons for financial damages it being alleged that the municipality stopped them form performing their contract. The matter is being defended by the municipality . The matter is in pleading stage	1,541,600	1,541,600
In 2010 Zolani Gulwa issued summpns against the municipality for breach of contract of employment in that the municipality failed to pay him in terms of the contract. The municipality is defending the matter and it is pending in the high court. The matter is in pleading stage.	566,189	566,189
Sinezipho Urban and Rural Development claims against the municipality for allged termination of contract. The municipality is defending the matter	1,544,713	1,544,713
ANDA was mandated by council to mobilise funding for ANDM water infrastructure project. ANDA then entered into an agreement with Gelstalt. Gelstalt has initiated legal proceddings against ANDM and ANDA. The ANDM legal team is disputing any and all Gelstalt claim. The above is disclosed in the financial statements without prejudice.	10,899,400	10,899,400
During 2007 Jack Zulu issued summons against the municipality for specific performance, it being allged that he was appointed by the municiplaity to render services at Umzimnkulu Area (previous dispensation) and the municipality failed to pay him in terms of the contract. The municipality denies that the services were rendered. Pleadings closed and a trial date is awaited.	17,250	17,250
During 2008 P Mabandla issued summons against the municipality for goods supplied and services rendered to the municipality at the latters special instance and request. The municipality denies this. Pleadings closed and the trial date is awaited	6,572	6,572
In 2008 M J Phirimane issued summons against the municipality for services rendered. The municipality is defending the matter. A trial date is awaited.	28,200	28,200
Rob Potow irrigation issued summons against the municipality for failure to pay for for material supplied in term of a vebal agreement. The municipality is defending the matter. The outcome is not certain at this stage.	24,522	24,522
Alleged failure to pay for a crawler sprinkler	30,700	30,700
Amangcuse Security and cleaning VS ANDM	705,346	705,346
Alleged non payment in lieu of supply and delivery of tents , toilets, and heaters etc.	1,289,050	1,289,050
Letter of demand received in lieu of specialist consultancy services rendered ANDM vs Moko Corporate	375,927	375,927
Ayanda Mafunda vs ANDM	16,508	16,508
ANDM vs Mafulo Investments	-	200,000
Supa Brick Tile vs ANDM	127,782	127,782
ANDM vs ANDMv Ronnies Motors	250,000	250,000
ANDM vs PDNA	68,400	68,400
ANDM vs Don Boti	25,187	25,187
Natal Joint Municipal Pension Fund vs ANDM	147,937	147,937
Eugene Nel and Anand Jayraj v ANDM	2,990,117	2,990,117
Sikhokele Maphukutha VS ANDM	6,600,000	6,600,000
Uvikela Security vs ANDM	333,192	333,192
ANDM vs Arule Security	1,392,679	1,392,679
ECDC vs ADNM	114,240	114,240
SKL Security Servicesvs ANDM	686,619	-
Ikamva Lolutsha vs ANDM	40,072	-
Hlumie Security vs ANDM	577,500	-

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

41. Contingencies (continued)

Sihlangane vs ANDM			235,585	-
ANDM vs Malukazi Investments			1,914,259	-
ANDM vs Affinity Solutions			313,505	-
ANDM vsRoyal Hasking			1,259,500	-
ANDM vs MC Mugugudo			100,000	100,000
			35,537,551	**32,938,275**

Contingent assets

Subsequent to the disciplinary hearing in respect of the fruitless and wasteful expenditure referred to in Note 44, civil proceedings have commenced against the employees concerned to recover an amount of R -. According to Council's legal advisors, it is probable that the proceedings will result in the recovery of the full amount but this recovery is virtually certain.

	2018	2017
ANDM vs Nontuthuzelo	6,907	-
ANDM vs Bulelani	1,079	-
ANDM vs Sinothando	62,504	-
ANDM vs MP Civils	30,700	-
ANDM vs Elvin Mkowado	71,731	-
ANDM vs Lulamile	17,000	-
ANDM vs Vukile	21,322	-
ANDM vsThanduxolo	84,328	-
ANDM vs G N Sutu	23,295	-
ANDM vs Bulelwa Cleopatra Bidla	726,534	-
ANDM vs Nontethelo Gogela	884,845	-
ANDM vs N Magagu	6,907	6,907
ANDM vs Bmambi	1,097	1,097
	1,938,249	**8,004**

42. Related parties

Compensation to accounting officer and other key management				
Short-term employee benefits	10,783,825	9,463,836	10,783,825	9,463,836
Defined contribution plans	29,323,651	27,246,763	29,323,651	27,246,763
	40,107,476	**36,710,599**	**40,107,476**	**36,710,599**

43. Prior period errors

Prior period has been amended to account for prior period errors

Below is a summary of the total effect that the prior errors, changes in accounting policies and reclassification of comparatives had on the amounts previously disclosed in the annual financial statements, followed by a description of each individual error with the amounts involved

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

43. Prior period errors (continued)

Statement of Financial Performance for the year ended 2017	Balance as previously reported	Change in Accounting policy	Prior period error	Reclassfied	Restated Balance
Service charges	14,745,947	-	-	-	14,745,947
Rental of facilities	433,587	-	98,503	-	532,090
Agency services	26,323	-	-	-	26,323
Other income	2,253,299	-	(46,628)	-	2,206,671
Interest received - investment	17,977,882	-	-	-	17,977,882
Government grants and subsidies	959,404,332	-	-	-	959,404,332
Revenue Total	994,841,370	-	51,875	-	994,893,245
General Expenses	(145,358,357)	-	849,777	-	(144,508,580)
Employee Related Costs	(230,756,149)	-	132,087	-	(230,624,062)
Remuneration of Councillors	(8,804,757)	-	-	-	(8,804,757)
Litigation Expenditure	(2,817,114)	-	(45,553)	-	(2,862,667)
Debt Impairment	(6,087,292)	-	-	-	(6,087,292)
Depreciation and amortisation	(66,384,182)	-	(270,575)	-	(66,654,757)
Finance Costs	(2,520,148)	-	-	-	(2,520,148)
Repairs and maintanance	(67,992,282)	-	(2,248,551)	-	(70,240,833)
Bulk purchases	(6,447,742)	-	(32,647)	-	(6,480,389)
Contracted services	(47,530,932)	-	843,242	-	(46,687,690)
Transfers and subsidies	(76,669,479)	-	(8,038,275)	-	(84,707,754)
Gain or loss on disposal	(1,072,579)	-	(5,911)	-	(1,078,490)
Acturial gains or loss	184,738	-	-	-	184,738
Operating leases	(2,840,363)	-	(46,159)	-	(2,886,522)
Surplus for the year	**329,744,732**	**-**	**(8,810,690)**	**-**	**320,934,042**

Statement of Financial Position as at 30 June 2017	Balances as previously reported	Prior period errors	Reclassified	Restated Balance
Inventories	8,139,021	-	-	8,139,021
Receivables from exchange transactions	23,227,994	(589,825)	-	22,638,169
Receivables from non- exchange transactions	1,053,251	-	-	1,053,251
VAT Receivable	13,702,893	1,501,241	-	15,204,134
Cash and cash equivalents	9,893,610	-	-	9,893,610
Property Plant and Equipment	3,174,831,213	3,045,640	-	[illegible],177,876,853
Intangible Assets	3,669,217	(761,086)	-	2,908,131
Heritage Assets	131,100	-	-	131,100
Investments in Controlled Entities	100	-	-	100
Long term Receivables	244,496	-	-	244,496
Investments	6,615,159	-	-	6,615,159
Subtotal	3,241,508,054	3,195,970	-	[illegible],244,704,024
Finance Lease Obligation	(8,205,675)	-	-	(8,205,675)
Operating lease	(121,696)	-	-	(121,696)
Payables from exchange transactions	(170,993,976)	(12,263,270)	-	(183,257,246)
Unspent Conditional Grants	(405,121)	-	-	(405,121)
Provisions	(1,097,790)	-	-	(1,097,790)
Current Portion of Long Term Loan	(892,645)	-	-	(892,645)
Payables from non exchange from transactions	(376,458)	-	-	(376,458)
Provisions	(6,086,462)	-	-	(6,086,462)
Long Term Loan	(7,408,437)	-	-	(7,408,437)
Opening Accumulated surplus	(2,716,985,065)	441,208	-	([illegible],716,543,857)
	328,934,729	**(8,626,092)**	**-**	**320,308,637**

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

43. Prior period errors (continued)

Statement of financial position				
Other 1	-	-	-	-
Accumulated Surplus				
Writing off projects incorrectly capitalised				453,410
Uploading assets previously not on asset register.				(410,400)
				43,010

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

43. Prior period errors (continued)

Statement of Financial Performance

Rental Income

A rental income adjustment of 21 310 was done so as to correct the underbilling of a tenant on one of the properties being let out by the municipality. This was due to the use of an old lease agreement on billing.

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Litigation Expenses
A search for unrecorded liabilities was done to check the completenes of the municipalites liabilites as at 30 June 2017. The search revealed that some expenses had not been accrued as at 30 June 2017 and consequently the litigation expenses were adjusted by 45 000

Depreciation
Depreciation expense for the year ended 30 June 2017 was adjusted upwards by 270 575. Asset verification done by the muncipality revealed that some assets had been recorded on the asset register and these were then added to the register as well as the depreciation for the year.

Repairs and maintanance
A number of invoices for repairs and maintanance had been left out on the accruals list of the year ended 30 June 2017. This was picked when the search for the unrecorded libilites was done and these were duly added to the accruals list as well as the repairs maintanance. The total adjustment came to 2 248 551.

General expenses
General expenses were adjusted downwards by 321 894 as a result of correction of some expenses that had been duplicated.

Bulk purchases Some
Invoices for water purchases had been ommited from the accruals for the year. These were picked by the search for unrecorded liabilites. Thess total 32 647 and the bulk expeses were duly adjusted.

Grants and subsidies
Invoices for contractors for the VIP projects had been left out of the accruals list for the year ended 30 June 2017. A search for unrecorded liabilites picked the anomaly and the subsequent correction resulted in the grants and subsidies going up by 8 038 275

Statement of Financial Position

Receivables from exchange transactions

Receivables from exchange transactions were adjusted upwards by 24 294 as a result of the adjustment of the property rental debtors. The tenant had been under billed owing to usage of an incorrect lease agreement.

VAT Receivable
VAT receivable was adjusted upwards by 1 540 030 following the recording of the input VAT on the previously unrecorded liabilites.

Property, plant & Equipment

Property plant and equipment was adjusted upward by 3 045 640 due to the recording of some movable assets which were discovered not t have been on the asset register as well as the recording of liabilites that had previously been ommited when accruals for 2017/18 were raised.

Payables from exchange transactions

Accruals
In the 2016-2017 financial year there were various misstatements to accruals as summarised below:

Description	Misstatement
Accruals not raised completely	20 021 634.71

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

43. Prior period errors (continued)

Invalid accruals	-6 200 931.71
Total	**13 820 703**

44. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	-	-	18,348,533	17,925,050
Current Year Additions	-	-	1,305,024	423,483
Amount Written Off	-	-	(378,644)	-
	-	**-**	**19,274,913**	**18,348,533**

Incident		
Interest Paid to Eskom	194,358	81,949
Interest Paid to Telkom	2,420	5,669
Interest Paid to Umngeni Water	-	358
SARS	513,638	43,956
DBSA arrear interest	-	4,739
National Health Laboratory	-	536
Natal Retirement	-	363
MCPF	-	211
Cape Joint	-	727
Pension	-	74
Acting Allowance - N R Xolo	-	79,631
Acting Allowance - M Matubatuba	-	205,270
Penalties and admin fees paid for accident	5,898	-
Zilane Attorney	65,942	-
Acting allowance- B Ngomani	352,839	-
Acting Allowance Y Tantsi	107,000	-
Auditor General	62,929	-
	1,305,024	**423,483**

Of the 964 362 fruitless and wasteful expenditure incurred, 434 859 was submitted to council for write off during the year. Council has forwaded the same to MPAC for investigation.

45. Irregular expenditure

Opening balance	1,013,592,420	701,715,976	1,013,592,420	687,565,528
Add: Irregular Expenditure - current year	201,887,944	330,977,167	201,887,944	326,026,892
Less: Amounts Written Off by Council	(222,306,641)	(19,100,723)	(222,306,641)	-
	993,173,723	**1,013,592,420**	**993,173,723**	**1,013,592,420**

During the year 222 306 641 of irregular expenditure was written off by council while the remainder has been forwaded by council to MPAC for investigation.

46. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA fees)

Current year subscription / fee	2,634,837	1,665,994	2,634,837	1,665,994
Amount paid - current year	(2,634,837)	(1,665,994)	(2,634,837)	(1,665,994)
	-	-	-	-

Notes to the Consolidated Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2018	2017	2018	2017

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

Audit fees

Current year subscription / fee	8,624,692	7,624,201	8,624,692	7,624,201
Amount paid - current year	(8,624,692)	(5,970,410)	(8,624,692)	(5,970,410)
	-	**1,653,791**	**-**	**1,653,791**

PAYE and UIF

Opening balance	-	1,998,606	-	1,998,606
Current year subscription / fee	19,303,527	34,223,397	19,303,527	34,223,397
Amount paid - current year	(19,303,527)	(36,222,003)	(19,303,527)	(36,222,003)
	-	**-**	**-**	**-**

Pension and Medical Aid Deductions

Opening balance	-	2,552,400	-	2,552,400
Current year subscription / fee	16,425,771	33,024,656	16,425,771	33,024,656
Amount paid - current year	(16,425,771)	(35,577,056)	(16,425,771)	(35,577,056)
	-	**-**	**-**	**-**

Deviations Authorised

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

Incident				
Alfred Nzo Community Radio- Unable to obtain 3 quotes	7,000	-	7,000	-
Alfred Nzo Community Radio- Unable to obtain 3 quotes	10,000	-	10,000	-
Alfred Nzo Comunity Radio- Unable to obtain 3 quotes	26,000	-	26,000	-
Inkonjane Community Radio- Unable to obtain 3 quotes	29,000	-	29,000	-
Inkonjane Communit Radio- Unable to obtain 3 quotes	10,000	-	10,000	-
Inkonjane Community Radio- Unable to obtain 3 quotes	7,000	-	7,000	-
Inkonjane Community Radio- Unable to obtain 3 quotes	29,000	-	29,000	-
Inkonjane Community Radio- Unable to obtain 3 quotes	25,872	-	25,872	-
Alfred Nzo Community Radio- Unable to obtain 3 quotes	26,000	-	26,000	-
Alfred Nzo Community Radio- Unable to obtain 3 quotes	29,000	-	29,000	-
Thompson Motors - Unable to obtain 3 quotes	147,218	-	147,218	-
NMI DUrban t/a Union Motors- request for a major service for fire engine	33,125	-	33,125	-
Government printing works- Gazetting of ANDM Council rule of order	41,000	-	41,000	-
	420,215	**-**	**420,215**	**-**