

# BLUE CRANE ROUTE MUNICIPALITY(EC102)

---



Annual Financial Statements for the  
year ended 30 June 2019

---

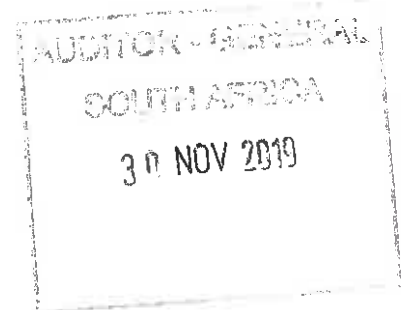
# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## General Information

---

<b>Legal form of entity</b>	Local Municipality
<b>Grade</b>	2
<b>Nature of business and principal activities</b>	Local Government. Principal activities inline with the Constitution of South Africa, Schedule 4 B and 5 B
<b>The following is included in the scope of operation</b>	Service Delivery
<b>Council members</b>	
<b>Mayor</b>	BA Manxoweni
<b>Councillors</b>	A Hufkie M Kwatsha P Sonkwala J Martin T Xakaxa F Brown C Du Plessis KC Brown NP Nkonyeni T Grootboom
<b>Accounting Officer</b>	T Klaas
<b>Chief Finance Officer (CFO)</b>	NB Delo
<b>Registered office</b>	67 Nojoli Street Somerset East 5850
<b>Postal address</b>	P.O. Box 21 Somerset East 5850
<b>Auditors</b>	Auditor General South Africa
<b>Bankers</b>	First National Bank
<b>Attorneys</b>	Not appointed



# Blue Crane Route Municipality

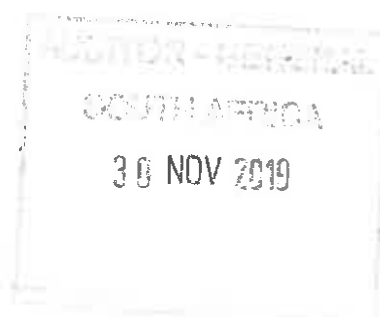
Annual Financial Statements for the year ended 30 June 2019

## Index

---

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

Index	Page
Accounting Officer's Responsibilities and Approval	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement of Comparison of Budget and Actual Amounts	8 - 9
Accounting Policies	10 - 37
Notes to the Annual Financial Statements	38 - 75
Deviation Register	Annexure "A" (Page 76 - 89)
<b>Abbreviations</b>	
COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
mSCOA	Municipal Standard Chart Of Accounts
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
SBDM	Sarah Baartman District Municipality
MIG	Municipal Infrastructure Grant
WSIG	Water Services Infrastructure Grant
FMG	Financial Management Grant
EPWP	Expanded Public Works Program
INEP	Integrated National Electrification Program



## Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

### Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2020 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. Note 47 of this Annual Financial Statements has given more clarity on this matter.

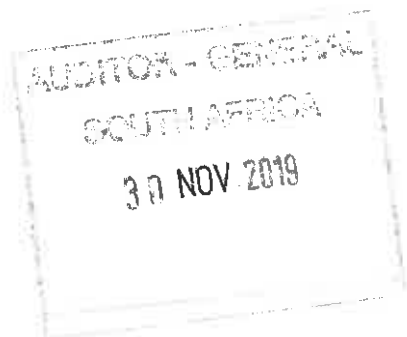
Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the Chief Financial Officer.

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

The annual financial statements set out on the following pages have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2019 and were signed by him.

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

  
Adv M Pranga  
Acting Accounting Officer  
30 August 2019

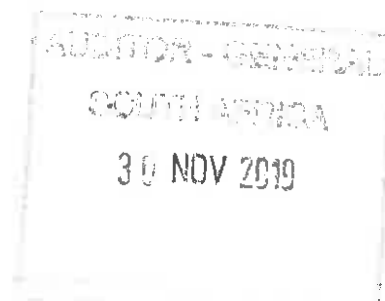


# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## STATEMENT OF FINANCIAL POSITION

	Notes	2019 R	2018 R (Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Other financial assets	4	2 982	3 419
Inventories	6	1 305 445	1 034 719
Other receivables from exchange transactions	7	1 231 766	1 133 432
Other receivables from non-exchange transactions	8	5 467 484	5 140 702
Trade receivables from exchange transactions	9	28 841 818	23 917 276
Cash and cash equivalents	10	27 624 417	1 222 562
		<u>64 473 912</u>	<u>32 452 110</u>
<b>Non-current assets</b>			
Investment property carried at cost	11	25 258 766	25 323 269
Property, plant and equipment	12	618 578 501	574 646 360
Intangible assets	13	6 825	-
Heritage assets	14	458 067	458 067
Other financial assets	4	-	2 982
		<u>644 302 159</u>	<u>600 430 678</u>
<b>Total assets</b>		<u><b>708 776 071</b></u>	<u><b>632 882 788</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Employee benefit obligation	15	1 732 586	1 432 432
Other financial liabilities	16	3 857 176	3 510 272
Finance lease obligation	17	1 008 468	1 409 534
Unspent conditional grants and receipts	18	25 264 283	1 982 972
Payables from exchange transactions	20	36 735 524	24 716 356
Trade and other payables from non-exchange	21	46 983	422 345
VAT payable	22	2 280 343	2 419 497
Consumer deposits	23	2 673 592	2 578 763
		<u>73 598 955</u>	<u>38 472 171</u>
<b>Non-current liabilities</b>			
Employee benefit obligation	15	24 560 565	25 507 661
Other financial liabilities	16	815 759	4 672 935
Finance lease obligation	17	228 331	1 236 799
Provisions	19	23 707 624	21 353 969
		<u>49 312 279</u>	<u>52 771 364</u>
<b>Total liabilities</b>		<u><b>122 911 234</b></u>	<u><b>91 243 535</b></u>
<b>Net assets</b>		<u><b>585 864 837</b></u>	<u><b>541 639 253</b></u>
<b>Accumulated surplus</b>		<u><b>585 864 837</b></u>	<u><b>541 639 253</b></u>

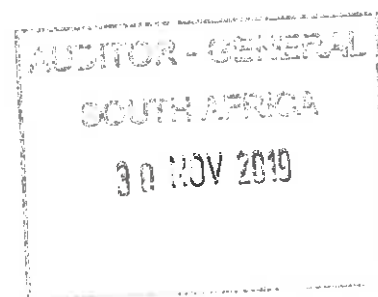


# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## STATEMENT OF FINANCIAL PERFORMANCE

	Notes	2019 R	2018 R (Restated)
<b>Revenue</b>			
Property rates	26	13 222 692	12 098 426
Service charges	27	119 763 911	105 391 913
Rental of facilities and equipment	25	495 142	468 326
Interest earned - outstanding debtors	25	4 491 891	3 882 997
Interest earned - external investments	28	2 052 498	1 140 337
Agency Services	25	1 013 340	1 053 871
Fines	25	125 798	55 479
Licences and permits	25	540 216	565 926
Transfers and Subsidies	29	145 657 745	83 919 158
Gains on disposal of PPE	25	141 137	
Other income	30	1 937 233	2 260 524
Fair Value Adjustments: Landfill site	19		4 572 550
<b>Total revenue</b>		<b>289 441 603</b>	<b>215 409 507</b>
<b>Expenditure</b>			
Employee related costs	31	79 483 959	76 837 617
Remuneration of councillors	32	3 993 698	3 870 463
Debt Impairment	33	19 452 883	8 990 907
Depreciation and asset impairments/amortisation	12/13	35 051 599	35 145 002
Finance costs	34	3 308 278	1 333 742
Bulk purchases	35	79 992 493	71 879 089
Contracted services	36	8 014 322	6 688 426
Inventory consumed	37	5 978 427	5 080 814
Transfers and Subsidies	38	838 760	1 010 018
Operational Cost	39	12 349 259	9 353 738
Loss on disposal of PPE			13 202
<b>Total expenditure</b>		<b>248 463 678</b>	<b>220 203 018</b>
Actuarial (Loss) /gain	15	3 247 659	1 471 481
<b>Surplus / (deficit) for the year</b>		<b>44 225 584</b>	<b>(3 322 030)</b>

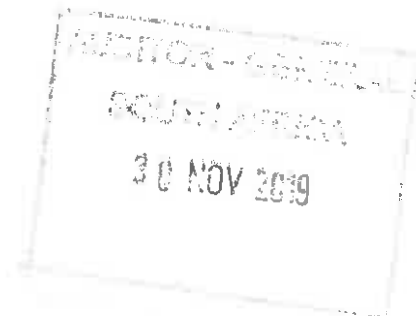


# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## STATEMENT OF CHANGES IN NET ASSETS

	Notes	R	R
		<b>Accumulated Surplus/(Deficit)</b>	<b>Total: Net Assets</b>
<b>Opening balance as previously reported (2017)</b>		<b>547 241 086</b>	<b>547 241 086</b>
Adjustments:			
Prior period adjustments (2017 and earlier)	45	(2 279 803)	(2 279 803)
<b>Balance at 1 July 2018 as restated</b>		<b>544 961 283</b>	<b>544 961 283</b>
Changes in net assets			
Deficit for the year		(3 322 030)	(3 322 030)
<b>Balance at 30 June 2018 as restated</b>		<b>541 639 253</b>	<b>541 639 253</b>
<b>Opening balance as previously reported (2018)</b>		<b>544 657 614</b>	<b>544 657 614</b>
Prior period adjustments (2018 and earlier)	45	(3 018 361)	(3 018 361)
<b>Balance at 1 July 2018 as restated</b>		<b>541 639 253</b>	<b>541 639 253</b>
Changes in net assets			
Surplus for the year		44 225 584	44 225 584
<b>Balance at 30 June 2019</b>		<b>585 864 837</b>	<b>585 864 837</b>

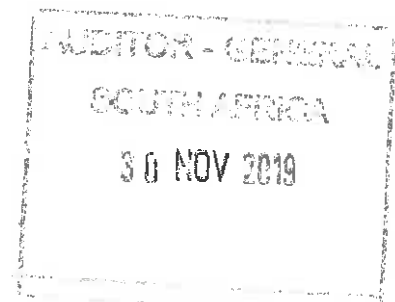


# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## CASH FLOW STATEMENT

	Notes	2019 R	2018 R (Restated)
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sales of goods and services		112 774 287	110 744 490
Grants		168 939 056	81 704 527
Interest received		2 014 088	1 126 745
Other receipts		4 417 436	6 108 732
		<u>288 144 867</u>	<u>199 684 494</u>
<b>Payments</b>			
Employee costs		(76 319 446)	(73 450 774)
Remuneration of councillors		(3 993 698)	(3 870 463)
Suppliers		(15 266 927)	(18 914 659)
Bulk purchases		(73 835 597)	(71 660 191)
Interest paid		(738 266)	(1 057 454)
Other payments		(7 671 409)	(3 817 701)
		<u>(177 825 343)</u>	<u>(172 771 242)</u>
<b>Net cash flows from operating activities</b>	41	<u><b>110 319 524</b></u>	<u><b>26 913 252</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	12/13	(79 201 421)	(29 658 155)
Nett proceeds on disposal of assets and liabilities		416 496	134 170
Proceeds from Other financial assets	4	3 419	3 253
<b>Net cash flows from investing activities</b>		<u>(78 781 506)</u>	<u>(29 520 732)</u>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(3 510 272)	(3 180 409)
Finance lease received			1 460 204
Finance lease payments		(1 625 891)	(1 378 381)
<b>Net cash flows from financing activities</b>		<u>(5 136 163)</u>	<u>(3 098 586)</u>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		26 401 855	(5 706 066)
<b>Net cash and cash equivalents at beginning of period</b>		<u>1 222 562</u>	<u>6 928 628</u>
<b>Net cash and cash equivalents at end of period</b>	10	<u><b>27 624 417</b></u>	<u><b>1 222 562</b></u>





# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
<b>Statement of Financial Position</b>						
Total current assets		42 204 000	(10 000 000)	32 204 000	64 473 912	(32 269 912)
Total non-current assets		615 332 738	50 456 598	665 789 336	644 302 159	21 487 177
Total current liabilities		(19 075 000)	(10 600 000)	(29 675 000)	(73 598 955)	43 923 955
Total non-current liabilities		(58 000 000)	6 000 000	(52 000 000)	(49 312 279)	(2 687 721)
<b>Net Assets</b>		<b>580 461 738</b>	<b>35 856 598</b>	<b>616 318 336</b>	<b>585 864 837</b>	<b>30 453 499</b>

## Statement of Financial Performance

<b>Revenue</b>						
Property rates	52	13 478 010		13 478 010	13 223 612	254 398
Service charges	52	129 038 840	3 078 810	132 117 650	128 154 988	3 962 662
Interest earned - external investments		1 000 000	300 000	1 300 000	2 052 498	(752 498)
Interest earned - outstanding debtors		3 905 700	55 000	3 960 700	4 491 891	(531 191)
Rental of facilities and equipment		453 080	(63 080)	390 000	495 142	(105 142)
Fines		381 000	30 000	411 000	125 798	285 202
Licences and permits		505 000	(25 000)	480 000	540 216	(60 216)
Agency services		600 000	250 000	850 000	1 013 340	(163 340)
Transfers and Subsidies		124 950 430	45 867 180	170 817 610	145 657 745	25 159 865
Gains on disposal of PPE		100 000		100 000	141 137	(41 137)
Other Income	52	1 179 400	(15 600)	1 163 800	5 184 892	(4 021 092)
<b>Total Revenue</b>		<b>275 591 460</b>	<b>49 477 310</b>	<b>325 068 770</b>	<b>301 081 259</b>	<b>23 987 511</b>
<b>Expenditure</b>						
Employee related costs	52	79 526 680	(1 451 550)	78 075 130	77 016 258	1 058 872
Remuneration of councillors		4 073 940	(79 680)	3 994 260	3 993 698	562
Debt impairment		9 505 000	1 070 000	10 575 000	19 452 883	(8 877 883)
Depreciation & asset impairment		37 532 500	-	37 532 500	35 051 599	2 480 901
Finance charges	52	6 188 420	(683 670)	5 504 750	5 775 979	(271 229)
Bulk Purchases		82 727 780	1 722 220	84 450 000	79 992 493	4 457 507
Inventory consumed	52	3 219 690	458 100	3 677 790	3 419 625	258 165
Contracted services		8 318 260	86 730	8 404 990	8 014 322	390 668
Transfers and Subsidies		783 000	237 800	1 020 800	838 760	182 040
Other expenditure	52	24 176 610	1 139 140	25 315 750	23 300 058	2 015 692
<b>Total expenditure</b>		<b>256 051 880</b>	<b>2 499 090</b>	<b>258 550 970</b>	<b>256 855 675</b>	<b>1 695 295</b>
<b>Actual Amount on Comparable Basis as Presented in the Budget And Actual Comparative Statement</b>		<b>19 539 580</b>	<b>46 978 220</b>	<b>66 517 800</b>	<b>44 225 584</b>	<b>22 292 216</b>

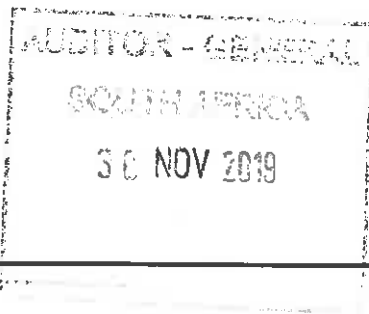
Refer to note 54 for explanations for material variances between final budget and actual amounts as well as note 55 for differences between the final budget and the original budget

# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Notes	Approved budget R	Adjustments R	Final budget R	Actual amounts on comparable basis R	Difference between final budget and actual R
<b>Cash Flow Statement</b>						
<b>Cash flows from operating activities</b>						
<u>Receipts</u>						
Ratepayers and other		132 482 934	298 644	132 781 578	112 774 287	20 007 291
Other Revenue		14 837 480	5 730 097	20 567 577	4 322 607	16 244 970
Government - operating		55 539 280	2 783 720	58 323 000	53 579 548	4 743 452
Government - capital		69 411 150	43 083 850	112 495 000	115 359 508	(2 864 508)
Interest		4 319 845	(3 018 528)	1 301 317	2 014 088	(712 771)
<u>Payments</u>						
Suppliers and employees		(204 920 544)	(15 256 456)	(220 177 000)	(176 248 317)	(43 928 683)
Finance charges		(1 316 700)	231 593	(1 085 107)	(738 266)	(346 841)
Transfers and Grants		(783 000)	(238 000)	(1 021 000)	(838 760)	(182 240)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>69 570 445</b>	<b>33 614 920</b>	<b>103 185 365</b>	<b>110 224 695</b>	<b>(7 039 330)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<u>Receipts</u>						
Proceeds on disposal of PPE		200 000		200 000	416 496	(216 496)
Decrease (increase) in non-current debtors					3 419	(3 419)
<u>Payments</u>						
Capital assets		(69 841 150)	(29 858 458)	(99 699 608)	(79 201 421)	(20 498 187)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(69 641 150)</b>	<b>(29 858 458)</b>	<b>(99 499 608)</b>	<b>(78 781 506)</b>	<b>(20 718 102)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<u>Receipts</u>						
Borrowing long term/finance lease						
Increase (decrease) in consumer deposits		240 000	(69 493)	170 507	94 829	75 678
<u>Payments</u>						
Repayment of borrowing		(1 500 000)	(3 075 618)	(4 575 618)	(5 136 163)	560 545
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(1 260 000)</b>	<b>(3 145 111)</b>	<b>(4 405 111)</b>	<b>(5 041 334)</b>	<b>636 223</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(1 330 705)</b>	<b>611 351</b>	<b>(719 354)</b>	<b>26 401 855</b>	<b>(27 121 209)</b>
Cash/cash equivalents at the year begin:		1 774 851	(552 289)	1 222 562	1 222 562	-
Cash/cash equivalents at the year end:		<b>444 146</b>	<b>59 062</b>	<b>503 208</b>	<b>27 624 417</b>	<b>(27 121 209)</b>



**Blue Crane Route Municipality**  
Annual Financial Statements for the year ended 30 June 2019  
**ACCOUNTING POLICIES**

---

**1. Presentation of Annual Financial Statements**

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

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

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

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

**1.1. Presentation of currency**

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

**1.2. Going concern**

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

**1.3. Budget information**

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

The approved budget is prepared on an accrual basis.

The approved budget covers the fiscal period from 2018/07/01 to 2019/06/30.

**1.4. Comparative figures**

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

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

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

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

#### **1.5. Offsetting**

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

#### **1.6. Significant judgements and sources of estimation uncertainty**

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

##### **Judgements**

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

##### **Estimates**

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

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

##### **Inventory**

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

##### **Impairments of non-financial assets**

In determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement



**Blue Crane Route Municipality**  
Annual Financial Statements for the year ended 30 June 2019  
**ACCOUNTING POLICIES**

---

cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

#### **Provisions**

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

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

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

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

#### **Effective interest rate**

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

#### **Allowance for doubtful debts**

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

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

#### **Provision for rehabilitation of refuse landfill sites**

The entity has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the size / extent of the land to be rehabilitated, the rehabilitation cost per square meter, the monitoring cost per square meter, and the rehabilitation period. Current costs are projected using the average rate of inflation over the remaining period until rehabilitation, and



then discounted to their present value using an appropriate discounting rate, representing the time value of money.

### **Depreciation and amortisation**

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

#### **1.7. Property, plant and equipment**

##### **Initial recognition**

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

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

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

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

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

property, plant and equipment.

#### **Subsequent measurement**

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

#### **Subsequent expenditure**

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

#### **Depreciation**

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

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

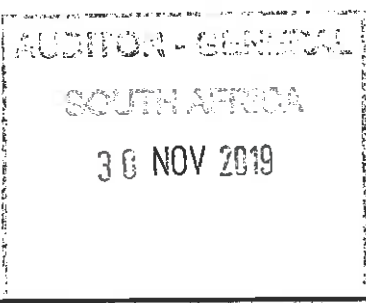
<b>Item</b>	<b>Average useful life</b>
Land (PPE)	Indefinite
Buildings	30 - 60 years
Plant	5 - 15 years
Furniture and fixtures	5 - 15 years
Motor vehicles	5 - 20 years
Office equipment	3 - 10 years
Other equipment	3 - 10 years
Infrastructure	5 - 80 years

#### **Impairments**

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

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

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the



**Blue Crane Route Municipality**  
Annual Financial Statements for the year ended 30 June 2019  
**ACCOUNTING POLICIES**

---

carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

**Derecognition**

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

**1.8. Investment property**

**Initial Recognition**

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

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

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

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

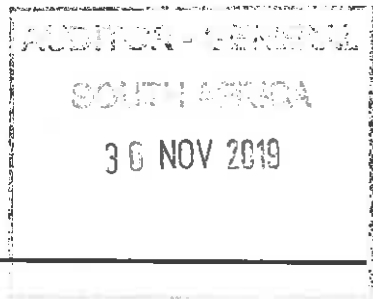
**Cost Model**

Investment property is carried at cost less accumulated depreciation and any impairment losses.

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

<b>Item</b>	<b>Useful life</b>
Property – land	indefinite
Property – buildings	30 years.





### **Derecognition**

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

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

### **Impairments**

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

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

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

### **Subsequent expenditure**

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

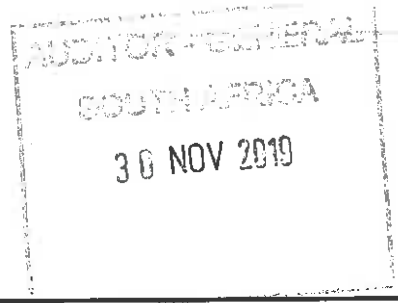
## **1.9. Intangible assets**

An intangible asset is an identifiable non-monetary asset without physical substance. The entity recognises an intangible asset in its Statement of Financial Position when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.



**Blue Crane Route Municipality**  
Annual Financial Statements for the year ended 30 June 2019  
**ACCOUNTING POLICIES**

---

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

**Subsequent measurement**

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

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

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

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

For all other intangible assets amortisation is provided on a straight line basis over their useful life. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

**Amortisation and impairment**

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

The annual amortisation rates are based on the following estimated average asset lives:  
Computer software      5 years

**Impairments**

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



### **Derecognition**

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

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

### **1.10. Heritage Assets**

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

#### **Initial Recognition**

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

Heritage assets are measured at cost.

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

#### **Subsequent measurement**

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

#### **Impairments**

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

#### **Transfers**

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

#### **Derecognition**

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

**Blue Crane Route Municipality**  
Annual Financial Statements for the year ended 30 June 2019  
**ACCOUNTING POLICIES**

---

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

### **1.11. Financial instruments**

#### **Initial recognition**

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

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

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

#### **Initial measurement**

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

#### **Subsequent measurement**

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

a) Financial instruments at fair value:

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

b) Financial instruments at amortised cost:

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

### **ACCOUNTING POLICIES**

---

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.

#### **c) Financial instruments at cost:**

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

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

#### **Gains and losses**

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

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

#### **Impairments**

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

#### **Financial assets measured at amortised cost:**

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

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

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

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

### **ACCOUNTING POLICIES**

---

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.

#### **Derecognition**

##### **Financial assets**

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

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

##### **Financial liabilities**

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

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

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



Transfers).

### **Policies relating to specific financial instruments**

#### **Investments at amortised cost**

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

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

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

#### **Cash and cash equivalents**

Cash and cash equivalents are measured at amortised cost.

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

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

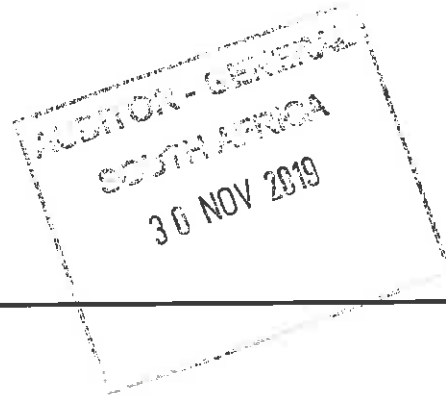
#### **Trade and other receivables**

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

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

#### **Trade and other payables**

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



### **Other financial assets**

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

### **1.12. Leases**

#### **Finance leases - lessee**

##### **Initial recognition**

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

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

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

##### **Subsequent measurement**

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

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

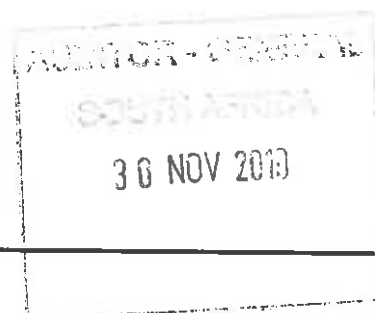
Finance lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The assets capitalised under the finance lease are derecognised when the entity no longer expects any economic benefits or service potential to flow from the asset.

##### **Operating leases - lessor**

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

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





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

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

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

### **Operating leases - lessee**

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

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

## **1.13. Inventories**

### **Initial recognition and measurement**

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

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

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

### **Subsequent measurement**

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

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



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

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

#### **Derecognition**

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

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

#### **1.14. Impairment of cash-generating assets**

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

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

##### **Identification**

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

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

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

##### **Value in use**

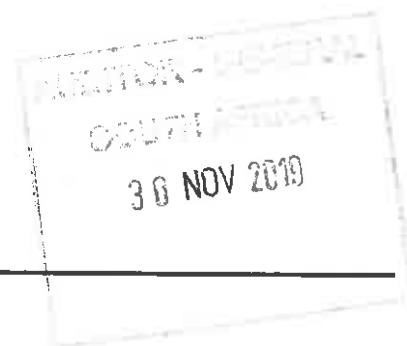
Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

## Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

### ACCOUNTING POLICIES

---



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

#### Discount rate

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

#### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

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

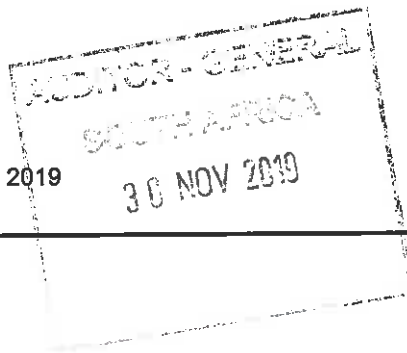
Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

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

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

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

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



- zero.

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

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

#### **Reversal of impairment loss**

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

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

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

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

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

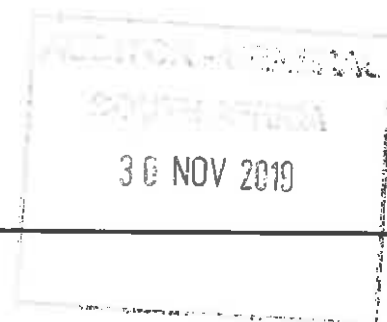
In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

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

### **1.15. Employee benefits**

#### **Short-term employee benefits**

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



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

#### **Post-employment benefits**

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

#### **Defined contribution plans**

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

#### **Post-retirement Medical Obligations**

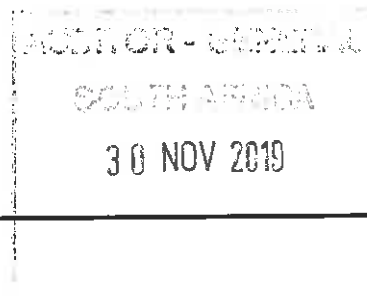
The municipality provides post-retirement medical benefits by subsidising the medical contributions of certain retired staff members according to the rules of the medical aid funds. Council pays 70% of the contributions and the remaining 30% is paid by the members.

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

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

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

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



#### **1.16. Provisions and contingencies**

Provisions are recognised when:

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

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

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

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

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

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

A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

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

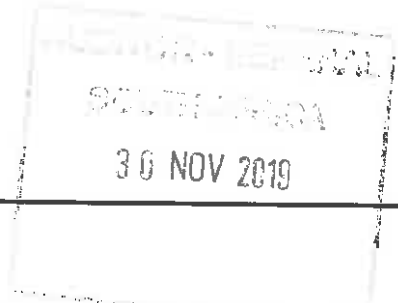
#### **1.17. Revenue from exchange transactions**

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

##### **Recognition**

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

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and



- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

**Specific exchange revenue sources**

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

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

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

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

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

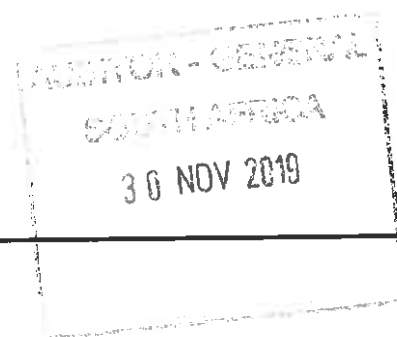
Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff. Tariffs are determined per category of property usage and are levied on a monthly basis.

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

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

**Measurement**

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



### **1.18. Revenue from non-exchange transactions**

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

#### **Recognition**

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

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

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

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

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

#### **Measurement**

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

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

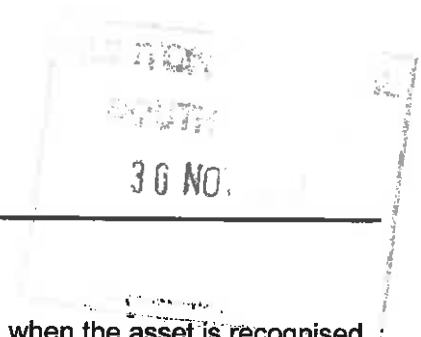


## Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

### ACCOUNTING POLICIES

---



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

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

#### 1.19. Borrowing costs

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

#### 1.20. Expenditure – Operation Cost

An operating expense is a day to day expense such as sales and administration, or research & development, accounting expenses, licence fees, advertising, office expenses, utilities, such as telephone, insurance, property management, travel and vehicle expenses.

#### 1.21. Expenditure – Bulk Purchases

Bulk purchases of Electricity and Water from Eskom (Including alternative service providers) and Water sources such as Water Boards and other providers.

#### 1.22. Expenditure – Contracted Services

This expenditure type distinguishes between Outsourced services, Contractors and Professional and Special Services.

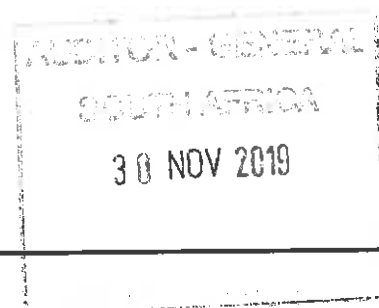
#### 1.23. Expenditure – Inventory Consumed

The amount of inventories recognised as an expense during the period. GRAP 12.45(d). The amount of inventories recognised as an expense during the period, which is often referred to as cost of sales, consist of those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production cost of inventories. (Grap 12.47)

#### 1.24. Unauthorised expenditure

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

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



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

#### **1.25. Fruitless and wasteful expenditure**

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

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

#### **1.26. Irregular expenditure**

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

#### **1.27. Related parties**

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

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

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

#### **1.28. Taxes - Value added tax**

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

for VAT on the payment basis.

### **1.29. Capital commitments**

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

### **1.30. Consumer deposits**

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

## **2. Post-reporting date events**

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

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

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

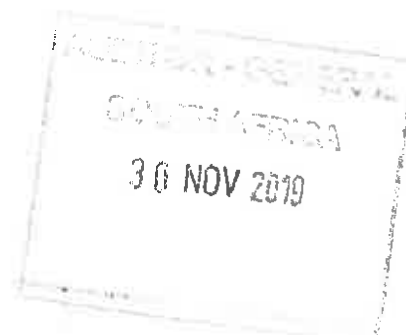
The entity will disclose the nature of the event and an estimate its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

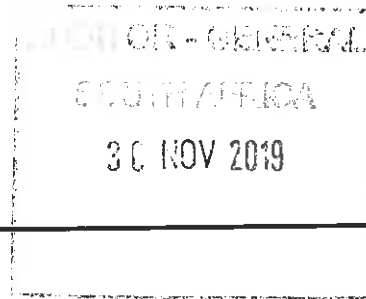
## **3. New standards and Interpretations**

### **3.1. Standards and Interpretations issued, but not yet effective**

The following Standards of GRAP and / or amendments thereto have been issued by the Accounting Standards Board, but will only become effective in future periods or have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

GRAP 18 Segmental Reporting – Issued February 2011





GRAP 20 Related Party Disclosures - Issued June 2011  
GRAP 32 Service Concession Arrangements - Issued August 2013  
GRAP 108 Statutory receivables - Issued September 2013  
GRAP 109 Accounting by principals and agents - Issued July 2015

### **GRAP 18 Segmental Reporting**

This standard requires the municipality to disclose information to enable users of its financial statements to evaluate the nature and financial effects of the activities in which it engages and the economic environments in which it operates.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

### **GRAP 20 Related Party Disclosures**

This standard requires the disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting. This standard does not yet have an effective date.

### **GRAP 32 Service Concession Arrangements: Grantor**

The objective of the standard is to prescribe the accounting for service concession arrangements by the grantor, a public entity. The municipality must assess whether it is a grantor i.e. has granted the right to use the service concession asset to the operator. This standard then requires the municipality to recognise an asset provided by the operator and an upgrade to an existing asset of the grantor as a service concession asset if (a) the grantor controls or regulates what services the operator must provide with the asset, to whom it must be provided and at what price, and (b) the grantor controls through ownership, beneficial entitlement or otherwise, any significant residual interest in the asset at the end of the arrangement. Where a service concession asset is recognised, the grantor shall also recognise a liability at the same amount as the service concession asset.

The precise impact of this on the financial statements of the municipality is still being assessed but it is not expected to be significant. This standard does not yet have an effective date.

### **GRAP 108 Statutory Receivables**

This standard requires the entity to recognise any receivables that arise from legislation, supporting legislations, or similar means and requires settlement by the entity in cash or another financial asset as

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

### **ACCOUNTING POLICIES**

---

statutory receivables. The municipality shall recognise statutory receivables using the standard of GRAP on revenue from exchange transactions if the transaction is an exchange transaction or the standard of GRAP on revenue from non-exchange transactions if it is a non-exchange transaction. Where the transaction is not within the scope of the above, the receivable must be recognised when the definition of an asset is met.

The precise impact of this on the financial statements of the municipality is still being assessed but it is not expected to be significant. This standard does not yet have an effective date.

#### **GRAP 109 Accounting by principals and agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected that this will only result in additional disclosures without affecting the underlying accounting.

#### **3.2. Interpretations and Directives Issued, but not yet effective**

The following interpretations have been issued by the Accounting Standards Board but has not been given an effective date by the Minister of Finance. The entity has not early-adopted this new interpretation, but has referred to it for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5:

**IGRAP 17 Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset - Issued August 2013**

**IGRAP 18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land – Issued March 2017**

**IGRAP 19 Liabilities to Pay Levies – Issued March 2017**

**Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities – Issued August 2015**

#### **IGRAP 17 – Interpretation of the Standard of GRAP on Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset**

This Interpretation of the Standards of GRAP provides guidance to the grantor where it has entered into a service concession arrangement, but only controls, through ownership, beneficial entitlement or otherwise, a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease.

The impact of this on the financial statements is not expected to be significant. This interpretation does not yet have an effective date

## **Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

### **ACCOUNTING POLICIES**

---

#### **IGRAP 18 Interpretation of the Standard of GRAP on Recognition and Derecognition of Land**

The Interpretation of the Standards of GRAP provides guidance on when an entity should recognise and derecognise land as its asset.

The precise impact of this on the financial statements of the municipality is still being assessed but it is expected it will have an impact on Standard of GRAP on Inventories (GRAP 12), Investment Property (GRAP 16), Property, Plant and Equipment (GRAP 17) or Heritage Assets (GRAP 103) should the land use change.

#### **IGRAP 19 – Liabilities to Pay Levies**

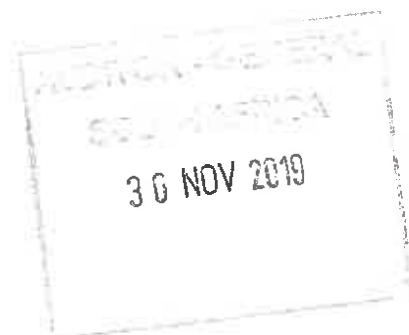
This Interpretation addresses the recognition of a liability to pay a levy if that liability is within the scope of GRAP 19. It also addresses the recognition of a liability to pay a levy whose timing and amount is certain. The measurement of a liability to pay a levy is not addressed in this Interpretation, instead an entity refers to GRAP 19.

The impact of this on the financial statements is not expected to be significant. This interpretation does not yet have an effective date

#### **Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities**

There is no impact as they directive only applies to public entities that are not currently applying Standards of GRAP.

Management has considered all the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

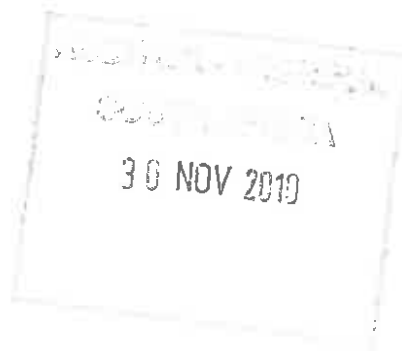
	2019 R	2018 R (Restated)
<b>4 Other financial assets</b>		
<b>Amortised cost</b>		
<b>Long term loans</b>		
This loan is for a sport club and is repayable in monthly instalments over a period of twenty years. It has a fixed interest rate of 5% and will be fully redeemed in April 2020. This loan is not secured	2 982	6 401
Opening Balance	6 401	9 654
Interest accrued	243	409
Installments	(3 662)	(3 662)
Closing Balance	2 982	6 401
<b>Non-current assets</b>		
<b>Amortised cost</b>		2 982
<b>Current assets</b>		
<b>Amortised cost</b>	2 982	3 419
	2 982	6 401

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

There were no gains or losses realised on the disposal of held to maturity financial assets in 2019 and 2018, as all the financial assets were disposed of at their redemption date.

**Loans and receivables past due but not impaired**

Loans and receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2019 - Rnil (2018 - Rnil) were past due but not impaired.



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>5 Financial assets by category</b>		
The accounting policies for financial instruments have been applied to the line items below:		
<b>2019</b>		<b>Financial assets at amortised cost</b>
Other financial assets		2 982
Other receivables from exchange transactions		1 231 766
Other receivables from non-exchange transactions		5 467 484
Cash and cash equivalents		27 624 417
Trade receivables from exchange transactions		28 841 818
		<u>63 168 467</u>
<b>2018</b>		
Other financial assets		6 401
Other receivables from exchange transactions		1 133 432
Other receivables from non-exchange transactions		4 912 311
Cash and cash equivalents		1 222 562
Trade receivables from exchange transactions		23 917 276
		<u>31 191 982</u>
<b>5 Inventories</b>		
Housing in process	55 080	55 080
Consumable stores	1 056 514	806 282
Water	193 851	173 357
	<u>1 305 445</u>	<u>1 034 719</u>

Stores issues amounted to R 1 616 258 and R 1 476 231 (2018).  
 No inventory write downs were required for the year.  
 No inventory were pledged as security.  
 No amount included in inventory is carried at current replacement cost or NRV.



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>7 Other receivables from exchange transactions</b>		
Deposits (Eskom and Fuel)	834 615	727 225
Government Grants and Subsidies	158 842	158 842
Other receivables	35 448	106 684
Prepayments - Insurance premiums	232 784	170 614
Provision for bad debts: Other Receivables	(29 933)	(29 933)
	<u>1 231 766</u>	<u>1 133 432</u>
<b>Prior Period adjustment</b>		
Balance as previously reported		1 068 137
Other Receivables: Insurance claim on vehicle written off in 2017/18 only paid out in July 2018		<u>85 295</u>
		<u>1 133 432</u>

The ageing of other receivables from exchange transactions and not impaired is as follows:

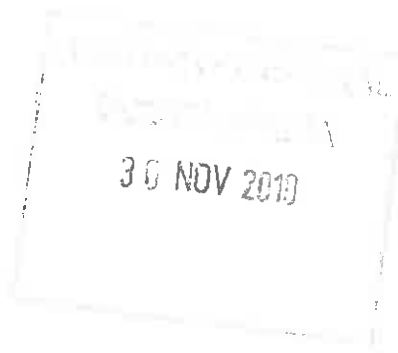
Current (0-30days)	71 490	76 751
91-120 days	232 794	
> 121 days	827 482	1 056 681
	<u>1 231 766</u>	<u>1 133 432</u>

**Other receivables pledged as security**

Other receivables were not pledged as security.  
Other receivables is a financial assets at amortised cost.

**Credit quality of other receivables from exchange transactions**

The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information.  
Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.

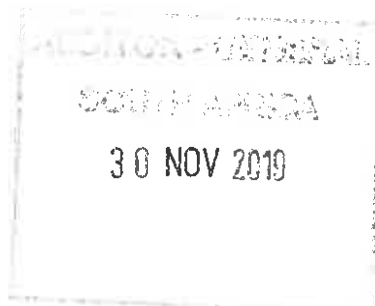


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>8 Other receivables from non-exchange transactions</b>		
Property rates	5 266 096	4 912 311
Other receivables	201 388	228 391
	<u>5 467 484</u>	<u>5 140 702</u>
<b>Prior Period adjustment</b>		
Balance as previously reported		5 131 321
Prior to 2018: Other Receivables - Overpayment to employees Provident Fund for 2014/15 and earlier		<u>9 381</u>
		<u>5 140 702</u>
<b>Property rates</b>		
Property rates	9 220 134	7 979 910
Provision for bad debts: Property rates	<u>(3 954 038)</u>	<u>(3 067 599)</u>
	<u>5 266 096</u>	<u>4 912 311</u>
<b>Property rates age analysis</b>		
Current (0-30days)	446 744	383 977
31-60 days	151 884	59 313
61-90 days	65 937	705 354
91-120 days	86 076	40 394
> 121 days	8 469 493	6 790 872
	<u>9 220 134</u>	<u>7 979 910</u>
<b>Credit quality of receivables from non-exchange transactions</b>		
The credit quality of other receivables from non-exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		
<b>Allowance for impairment: Property rates</b>		
Impairment balance prior year	(3 067 599)	(2 368 975)
Contributions to provision	(886 439)	(1 362 872)
Debt impairment written off against provision		664 248
	<u>(3 954 038)</u>	<u>(3 067 599)</u>
<b>Other receivables</b>		
Employees overpayment on backpay	231 831	231 831
Provision for bad debts: Employees overpayment	(231 831)	(231 831)
Legal costs: Santam		
Insurance claims	17 121	17 121
Provision for bad debts: Insurance claims	(17 121)	(17 121)
Employee overpayments	50 714	71 347
SARS UIF paid for Councillors	150 674	150 674
Other		6 370
	<u>201 388</u>	<u>228 391</u>
The amount of impairment for Property Rates was R 3 954 038 as at 30 June 2019 (2018: R 3 067 599). The amount of impairment for other receivables was R248 952 as at 30 June 2019 (2018: R248 952) Other receivables from non-exchange transactions is a financial assets at amortised cost. Other receivables from non-exchange transactions were not pledged as security.		
<b>Other receivables from non-exchange transactions past due but not impaired</b>		
The ageing of amounts for property rates past due but not impaired is as follows:		
1 month past due	297 594	205 153
2 months past due	146 848	59 937
3 months past due	59 229	702 785
Older than 3 months	4 615 373	3 806 816
	<u>5 119 042</u>	<u>4 774 693</u>
<b>Other receivables from non-exchange transactions past due but not impaired</b>		
1 month past due		6 370
2 months past due		
3 months past due		
Older than 3 months	201 388	222 021
	<u>201 388</u>	<u>228 391</u>

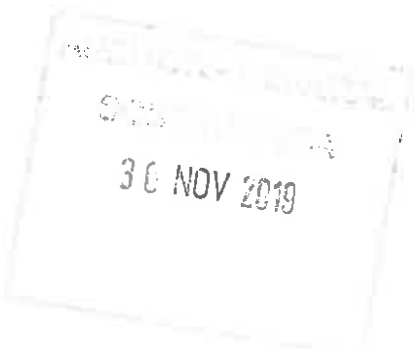


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>9 Trade receivables from exchange transactions</b>		
<b>Gross balances</b>		
Electricity	24 952 068	17 435 212
Water	18 264 301	15 170 686
Sanitation	2 457 389	2 106 465
Sewerage	7 074 171	6 151 312
Refuse	13 149 802	11 196 336
Other	1 582 529	1 784 875
	<u>67 480 260</u>	<u>53 844 886</u>
<b>Trade receivables pledged as security</b>		
Trade receivables were not pledged as security.		
Trade receivables is a financial assets at amortised cost.		
<b>Less: Allowance for impairment</b>		
Electricity	(6 054 274)	(2 751 092)
Water	(13 590 174)	(10 672 640)
Sanitation	(2 024 563)	(1 709 000)
Sewerage	(5 303 316)	(4 515 845)
Refuse	(10 325 864)	(8 652 261)
Other	(1 340 251)	(1 626 772)
	<u>(38 638 442)</u>	<u>(29 927 610)</u>
<b>Net balance</b>		
Electricity	18 897 794	14 684 120
Water	4 674 127	4 498 046
Sanitation	432 828	397 465
Sewerage	1 770 855	1 635 467
Refuse	2 823 938	2 544 075
Other	242 278	158 103
	<u>28 841 818</u>	<u>23 917 276</u>
<b>Electricity</b>		
Current (0 -30 days)	10 479 433	9 843 258
31 - 60 days	1 829 141	1 407 310
61 - 90 days	1 326 604	622 120
91 - 120 days	1 153 920	875 282
>121 days	10 162 970	4 687 242
	<u>24 952 068</u>	<u>17 435 212</u>
<b>Water</b>		
Current (0 -30 days)	1 821 911	2 260 020
31 - 60 days	687 664	407 388
61 - 90 days	430 473	299 874
91 - 120 days	406 000	285 328
>121 days	14 918 253	11 918 076
	<u>18 264 301</u>	<u>15 170 686</u>
<b>Sanitation</b>		
Current (0 -30 days)	47 885	45 525
31 - 60 days	25 090	17 888
61 - 90 days	24 906	17 473
91 - 120 days	24 809	17 462
>121 days	2 334 699	2 008 117
	<u>2 457 389</u>	<u>2 106 465</u>

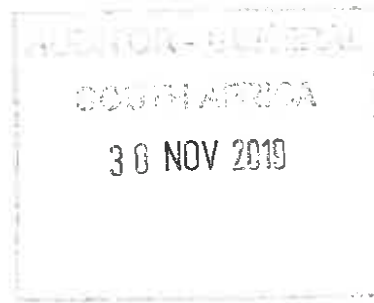


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>9 Trade receivables from exchange transactions (continued)</b>		
<b>Sewerage</b>		
Current (0 -30 days)	724 654	745 847
31 - 60 days	241 622	178 519
61 - 90 days	190 883	138 910
91 - 120 days	166 590	127 235
>121 days	5 750 422	4 960 801
	<u>7 074 171</u>	<u>6 151 312</u>
<b>Refuse</b>		
Current (0 -30 days)	1 067 022	1 057 193
31 - 60 days	362 164	258 364
61 - 90 days	303 474	216 924
91 - 120 days	284 850	202 040
>121 days	11 132 292	9 461 815
	<u>13 149 802</u>	<u>11 198 336</u>
<b>Other</b>		
Current (0 -30 days)	32 709	80 151
31 - 60 days	15 213	23 225
61 - 90 days	19 103	38 920
91 - 120 days	11 755	60 993
>121 days	1 503 749	1 581 586
	<u>1 582 529</u>	<u>1 784 875</u>
<b>Summary of debtors by customer classification</b>		
<b>Consumers</b>		
Current (0 -30 days)	14 173 614	14 031 994
31 - 60 days	3 160 894	2 292 694
61 - 90 days	2 295 443	1 334 221
91 - 120 days	2 047 924	1 568 340
>121 days	45 802 385	34 617 637
	<u>67 480 260</u>	<u>53 844 886</u>
Less: Allowance for Impairment	<u>(38 638 442)</u>	<u>(29 927 610)</u>
	<u>28 841 818</u>	<u>23 917 276</u>
<b>Reconciliation of debt impairment provision</b>		
Balance at beginning of the year	(29 927 610)	(28 425 478)
Contributions to provision	(14 367 753)	(3 964 648)
Debt impairment written off against provision	5 656 921	2 462 516
	<u>(38 638 442)</u>	<u>(29 927 610)</u>
<b>Fair value of trade receivables from exchange transactions</b>		
Trade receivables from exchange transactions	<u>28 841 818</u>	<u>23 917 276</u>
<b>Indigents</b>		
As a developmental institution, the municipality needs to commit to supporting measures that assist and empower its community. It is accepted that large sections of the community cannot exist without intervention and it is therefore the duty of the municipality to support and to ensure that citizens are able to access their constitutional right to have access to a basic level of services.		
The municipality adopted an indigent support policy which embodies an indigent support programme not only providing procedures and guidelines for the subsidisation of services charges to indigent households in its area of jurisdiction, but also to increase the quality of life of the beneficiaries by assisting them to exit from indigence.		
The municipality had 4026 number of indigent households on its register as at 30 June 2019. The value of this support in terms of services charges amount to R 13,558,065.26 on 30 June 2019.		
Although indigent households need to register and update their financial information each year with the municipality by way of sworn affidavits, there is still a risk that fraudulent applications can be processed.		
Based on CAATs (Computer aided audit tools) procedures performed by the Auditor General, an amount of R 1,301,068.82 is believed to be possible cases where indigent applications could be fraudulent. The municipality investigated these CAATs reports and agree with the AG to a maximum amount of R 658,182.14. This amount is not material.		
The municipality will investigate this matter further and revise the indigent support policy accordingly to eliminate indigent applications based on false information. This will be done by 30 June 2020.		
<b>Trade receivables impaired</b>		
As at 30 June 2019, consumer debtors of R5 656 921 (2018: R 2 462 516) were impaired and provided for. The amount of the provision was R38 638 442 as at 30 June 2019 (2018: R 29 927 610).		
<b>Trade receivables from exchange transactions past due but not impaired</b>		
The ageing of amounts for exchange transactions past due but not impaired is as follows:		
1 month past due	7 803 960	1 950 075
2 months past due	2 530 455	1 927 674
3 months past due	1 764 395	1 045 863
Older than 3 months	5 107 008	3 117 441
	<u>17 205 818</u>	<u>8 041 053</u>
<b>Credit quality of receivables from exchange transactions</b>		
The credit quality of receivables from exchange transactions that are neither past nor due nor impaired can be assessed by reference to historical trends and other available information. Although credit quality can be assessed the municipality did not apply any methods to evaluate the credit quality.		



# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R (Restated)
<b>10 Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	3 762	3 762
Bank balances	3 549 006	1 062 444
Short-term deposits	24 071 649	166 356
	<u>27 624 417</u>	<u>1 222 562</u>

No restrictions exist with regard to the use of cash.

### Cash and cash equivalents pledged as collateral

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

### The municipality had the following bank accounts

Account number / description

	Bank statement balances			Cash book balances		
	30 June 2019	30 June 2018	30 June 2017	30 June 2019	30 June 2018	30 June 2017
Nedbank Call deposit 03/7881100877						
Investec Call deposit 1100462439500						
Investec Fixed deposit 1100462439450						
ABSA Bank - Fixed deposit - 2053825035	7 500	7 500	7 500	7 500	7 500	7 500
Nedbank - Money market - 1263036023	3 138	3 798	4 378	3 138	3 798	4 378
Nedbank - Fixed deposit - 18312491	4 600	4 600	4 600	4 600	4 600	4 600
Nedbank - Money market - 1263034756	82 175	79 516	76 302	82 175	79 516	76 302
ABSA - Cheque account - 2200000008	618 256	193 869	1 004 020	622 978	193 869	1 004 020
FNB - Cheque account - 62541421046	2 930 681	847 424	2 804 374	2 926 028	868 575	2 459 877
FNB - Call account - 6258597005	23 974 236	60 942	3 367 621	23 974 236	60 942	3 367 621
<b>Total</b>	<u>27 620 566</u>	<u>1 187 649</u>	<u>7 068 795</u>	<u>27 620 666</u>	<u>1 218 800</u>	<u>6 924 298</u>

The municipality has a guarantee at ABSA bank to the value of R6 000 (2018: R6 000) relating to the personal bonds of one municipal employee.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R			2018 R (Restated)		
11 Investment property						
	<b>Cost/ Valuation</b>	<b>2019 Accumulated depreciation/ impairment</b>	<b>Carrying Value</b>	<b>Cost/ Valuation</b>	<b>2018 Accumulated depreciation/ impairment</b>	<b>Carrying Value</b>
	R		R	R		R
Investment property	25 850 799	(592 033)	25 258 766	25 856 099	(532 830)	25 323 269

**Reconciliation of investment property - 2019**

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties:							
Land	19 466 998		(5 300)				19 461 698
Farms	4 613 000						4 613 000
Buildings	1 243 271				(59 203)		1 184 068
	<u>25 323 269</u>		<u>(5 300)</u>		<u>(59 203)</u>		<u>25 258 766</u>

**Reconciliation of investment property - 2018**

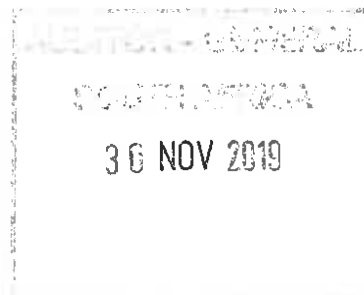
	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Investment properties:							
Land	19 476 044		4	(9 050)			19 466 998
Farms	4 613 000						4 613 000
Buildings	1 302 474				(59 203)		1 243 271
	<u>25 391 518</u>		<u>4</u>	<u>(9 050)</u>	<u>(59 203)</u>		<u>25 323 269</u>

Rental revenue from investment property: R413 517 (2018: R438 588)

Direct operating expenses arising from investment property that generated rental revenue: Rnil (2018: Rnil)

**Pledged as security**

No investment property have been pledged as security for loans



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2019  
R  
2018  
R  
(Restated)

12 Property, plant and equipment

	2019			2018		
	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value	Cost/ Valuation	Accumulated depreciation/ impairment	Carrying Value
	R	R	R	R	R	R
Land	20 129 272		20 129 272	20 129 272		20 129 272
Buildings	152 647 495	(85 631 804)	67 015 691	152 647 495	(82 188 141)	70 459 354
Plant and equipment	3 175 080	(1 427 983)	1 747 097	1 978 251	(1 243 494)	734 757
Furniture and fixtures	4 537 757	(3 976 205)	561 552	4 527 447	(3 782 331)	745 116
Motor vehicles	17 975 925	(11 551 262)	6 424 663	18 300 035	(8 344 024)	9 956 011
Office equipment	7 147 051	(5 390 486)	1 756 565	7 026 995	(4 649 710)	2 377 285
Infrastructure	942 532 632	(511 012 280)	431 520 352	911 905 980	(484 499 005)	427 406 954
WIP	82 967 144		82 967 144	35 735 849		35 735 849
Landfill sites	17 994 300	(11 538 155)	6 456 145	17 994 300	(10 892 539)	7 101 761
<b>Total</b>	<b>1 249 106 656</b>	<b>(630 628 155)</b>	<b>618 678 501</b>	<b>1 170 245 604</b>	<b>(595 599 244)</b>	<b>574 646 360</b>

Prior Period adjustment

Balance as previously reported

Prior to 2018: Adjust opening balance because of correction of error - depreciation calculation was not consistent applied as per Assets Management policy. 577 324 619

2018: Adjust depreciation because of correction of error - depreciation calculation was not consistent applied as per Assets Management policy. (2 125 152)

2018: Adjust disposal of assets amount because of correction of error - depreciation calculation was not consistent applied as per Assets Management policy. (833 122)

80 015

**574 646 360**

Reconciliation of Work In Progress (WIP) - 2019

	Opening balance	Additions	Transfers	Total
	R	R	R	R
Infrastructure assets	35 173 743	75 206 754	(30 626 672)	79 753 825
Community assets	316 966	2 651 213		2 968 199
PPE - Buildings	245 120			245 120
<b>Total</b>	<b>35 735 849</b>	<b>77 857 967</b>	<b>(30 626 672)</b>	<b>82 967 144</b>

Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance

	2019	2018
Maintenance of assets (Note 36)	1 155 528	1 192 456

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	70 459 354				(3 443 663)		67 015 691
Plant	734 758	1 196 829			(184 489)		1 747 098
Furniture and fixtures	745 116	10 310			(193 874)		561 552
Motor vehicles	9 956 011		(282 645)		(3 264 232)	(4 471)	6 424 663
Office equipment	2 377 285	128 869	(7 414)		(742 155)		1 756 585
Infrastructure	427 406 954			30 626 672	(28 513 275)		431 520 352
WIP	35 735 849	77 857 967		(30 626 672)			82 967 144
Landfill sites	7 101 761				(645 616)		6 456 145
<b>Total</b>	<b>574 646 360</b>	<b>79 193 975</b>	<b>(270 059)</b>	<b>-</b>	<b>(34 987 304)</b>	<b>(4 471)</b>	<b>618 678 501</b>

There has been a change in estimate in PPE in the 2018/19 financial year. This is because of a revision with the residual value and the remaining useful life of the effected assets. It is impracticable to estimate the effect of the revisions in future periods.

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
	R	R	R	R	R	R	R
Land	20 129 272						20 129 272
Buildings	73 212 578	16 000	(1 886)	1 009 275	(3 447 176)	(329 437)	70 459 354
Plant and equipment	479 493	393 340	(2 197)		(135 878)		734 758
Furniture and fixtures	1 154 082	3 156			(412 132)		745 116
Motor vehicles	12 988 058	427 614	(177 447)	119 780	(3 278 683)	(125 311)	9 956 011
Office equipment	1 633 194	1 421 297	(13 570)		(663 636)		2 377 285
Infrastructure	445 562 554			7 892 093	(26 047 693)		427 406 954
WIP	17 360 249	27 396 748		(9 021 148)			35 735 849
Landfill sites	7 747 376				(645 615)		7 101 761
<b>Total</b>	<b>580 266 866</b>	<b>29 658 155</b>	<b>(195 100)</b>	<b>-</b>	<b>(34 628 813)</b>	<b>(454 748)</b>	<b>574 646 360</b>

Assets subject to finance lease (Net carrying amount)

	2019	2018
Vehicles and Plant	760 946	1 552 244
Office equipment	589 587	1 004 951
<b>Total</b>	<b>1 350 533</b>	<b>2 557 195</b>

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

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

AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2019  
46

**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019 R  
2018 R  
(Restated)

**13 Intangible assets**

Cost/ Valuation	2019	
	Accumulated amortisation/ Impairment	Carrying Value
R	R	R
7 446	(621)	6 825

Cost/ Valuation	2018	
	Accumulated amortisation/ Impairment	Carrying Value
R	R	R
18 765	(18 765)	-

Computer software

**Reconciliation of intangible assets - 2019**

Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
-	7 446	-	-	(621)	-	6 825

Computer software

**Reconciliation of intangible assets - 2018**

Opening balance	Additions	Disposals	Transfers	Amortisation	Impairment loss	Total
2 238	-	-	-	(2 238)	-	-

Computer software

**Other Information**

Fully amortised intangible assets still in use

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

**14 Heritage assets**

Cost/ Valuation	2019	
	Accumulated amortisation/ Impairment	Carrying Value
R	R	R
458 067	-	458 067

Cost/ Valuation	2018	
	Accumulated amortisation/ Impairment	Carrying Value
R	R	R
458 067	-	458 067

**Reconciliation of heritage assets - 2019**

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

**Reconciliation of heritage assets - 2018**

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

AUDITOR - GENERAL  
SOUTH AFRICA  
30 NOV 2019



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019 R	2018 R (Restated)
-----------	-------------------------

**15 Employee benefit obligations**

**15.1 Post-Employment Medical Aid**

Defined benefit plan

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

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

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

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

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

All subsidies are subject to a maximum of R 4 492 for the year ending 30 June 2020. The maximum subsidy amount has been assumed to increase in the future at 75% of salary inflation.

Principal assumptions

Discount rate

Grasp 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the post-employment liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefits payments, current market rates of the appropriate term should be used to discount shorter term payments and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.

Consequently, a discount rate of 9.42% per annum has been used. The corresponding index-linked yield at this term is 3.39%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the Johannesburg stock after the market close on 28 June 2019.

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

Financial assumptions

Discount rate	9.42%
Health care cost inflation rate	6.85%
Net-of-health-care-cost-inflation discount rate	2.41%
Maximum subsidy inflation rate	4.76%
Net-of-maximum-subsidy-inflation discount rate	4.45%

The next contribution rate increase is assumed to occur at 1 January 2020.

Demographic assumptions

Average retirement age	62 (males)/ 59 (Females)
Continuation of membership at retirement	75%
Proportion with a spouse dependant at retirement	60%

Accrued liability Values

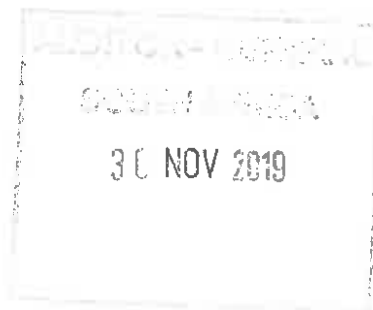
Carrying value

Opening Accrued Liability	22 655 931	21 740 725
Service cost	811 341	863 458
Interest cost	2 133 588	2 072 868
Benefits paid	(719 747)	(563 612)
Actuarial gain recognised in the year	(2 939 552)	(1 457 394)
Closing Accrued Liability	<u>21 941 541</u>	<u>22 655 931</u>
Non-current liabilities	21 097 556	21 868 190
Current liabilities (Estimate of benefits payments expected in the next annual period)	843 985	787 741
	<u>21 941 541</u>	<u>22 655 931</u>

The total liability has decreased by 3% (or R714 390) since the last valuation

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

Actuarial (Gain)/Loss for the period	(2 939 552)
Contribution to Actuarial Gain:	
Basis changes: Increase in net discount rate	(964 655)
Nett impact of changes to assumed average retirement ages	(97 381)
Decrease in assumed membership continuation rate at retirement	(3 572 600)
Decrease in assumed spouse dependant proportion at retirement	(656 563)
Application of revised withdrawal rates	(353 946)
Application of post-employment mortality improvement	2 758 425
Subsidy increases higher than assumed	45 521
Changes to membership profile different from assumed	(30 359)
Actual benefits vesting lower than expected	(67 994)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2019 R 2018 R (Restated)

15.1 Post-Employment Medical Aid (continue)

Net expense recognised in the statement of financial performance

Current service cost	811 341	863 456
Interest	2 133 588	2 072 656
Benefits paid	(719 747)	(563 512)
<b>Total Included in employee related costs</b>	<b>2 225 162</b>	<b>2 372 600</b>
Actuarial Gain recognised in statement of financial performance	(2 939 552)	(1 457 394)
	<u>(714 390)</u>	<u>915 206</u>

Estimate of contributions expected to be paid to the plan in the next financial year (843 985) (787 741)

Sensitivity analysis on the accrued liability (R millions)

Assumption	Change	In-service	Continuation	Total	% change
Central Assumptions		10.394	11.547	21.941	
Health care inflation	1%	11.482	12.401	23.883	9%
	-1%	9.178	10.620	19.798	-10%
Discount Rate	1%	8.937	10.479	19.416	-12%
	-1%	12.226	12.824	25.050	14%
Post-retirement mortality	-1yr	10.663	11.908	22.571	3%
Average retirement age	-1yr	11.195	11.547	22.742	4%
Continuation of membership at retirement	-10%	9.045	11.547	20.592	-6%

Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2019

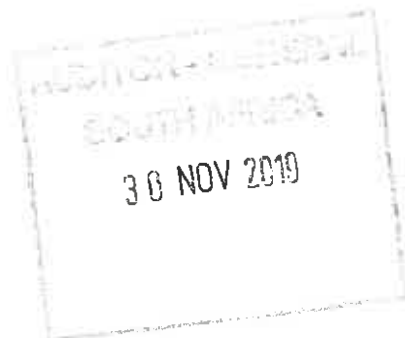
Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		811 300	2 133 600	2 944 900	
Health care Inflation	+1%	900 900	2 315 700	3 216 600	9%
	-1%	704 800	1 931 800	2 636 600	-10%
Discount Rate	+1%	681 300	2 083 300	2 764 600	-6%
	-1%	976 800	2 181 100	3 157 900	7%
Post-retirement mortality	-1yr	833 600	2 200 200	3 033 800	3%
Average retirement age	-1yr	879 800	2 226 100	3 105 900	5%
Continuation of membership at retirement	-10%	733 700	2 015 900	2 749 600	-7%

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

Liability History	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Accrued liability	19.562	20.418	21.741	22.656	21.942
Fair value of plan asset	0.000	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(19.562)	(20.418)	(21.741)	(22.656)	(21.942)

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

Experience adjustments	30/06/2015	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Liabilities: (Gain)/Loss	1.321	(0.086)	1.502	(0.077)	(0.053)
Assets: Gain/(Loss)	0.000	0.000	0.000	0.000	0.000

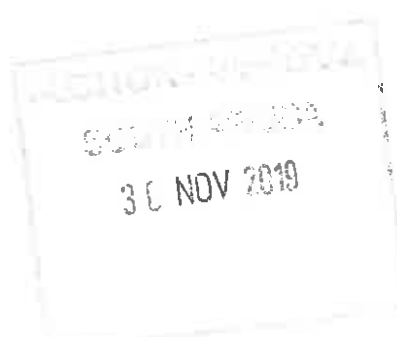


# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R (Restated)
<b>15.2 Long Service Awards (LSA)</b>		
<b>Defined benefit plan</b>		
<p>The Municipality offers employees LSA for every five years of service completed, to 45 years of service, inclusive. In the month that each "Completed Service" milestone is reached, the employee is granted a LSA. At 30 June 2019, the Municipality had 290 employees that are entitled to LSA.</p>		
<b>Principal assumptions</b>		
<b>Discount rate</b>		
<p>Grat 25 stipulates that the choice of this rate should be derived from government bond yields consistent with the estimated term of the employee benefit liabilities. However, where there is no deep market in government bonds with a sufficiently long maturity to match the estimated term of all the benefit payments, current market rates of the appropriate term should be used to discount shorter term payments, and the discount rate for longer maturities should be estimated by extrapolating current market rates along the yield curve.</p>		
<p>Consequently, a discount rate of 7.96% per annum has been used. The corresponding liability-weighted Index linked yield is 2.87%. These rates do not reflect any adjustment for taxation. These rates were deducted from the interest rate data obtained from the JSE after the market close on 28 June 2019.</p>		
<p>The liability-weighted average term of the total liability is 5.47 years.</p>		
<b>Financial assumptions</b>		
Discount rate	7.96%	
General salary inflation	5.46%	
Net effective discount rate	2.37%	
<p>The salaries used in this valuation include an assumed increase on 1 July 2019 of 6.50%. The next contribution rate increase is assumed to occur at 1 July 2020.</p>		
<b>Accrued liability Values</b>		
<b>Carrying value</b>		
Opening Accrued Liability		3 936 967
Service cost	4 284 162	
Interest cost	567 978	499 725
Benefit Vestings	334 133	304 937
Actuarial (gain) / loss recognised in the year	(526 556)	(443 380)
Closing Accrued Liability	(308 107)	(14 087)
	<u>4 351 610</u>	<u>4 284 162</u>
Non-current liabilities	3 463 009	3 639 471
Current liabilities (Estimate of benefits payments expected in the next annual period)	888 601	644 691
	<u>4 351 610</u>	<u>4 284 162</u>
<p>The total liability has increased by 2% (or R67 448) since the last valuation</p>		
<p>The extent of unexpected increases or decreases in the liability over the period from the previous valuation date to the current can be summarised in the following main components:</p>		
Actuarial (Gain)/Loss for the period	(308 107)	
Contribution to Actuarial (Gain)/Loss:		
Basis changes: Increase in net discount rate	(22 523)	
Nett Impact of changes to assumed average retirement ages	10 134	
Application of revised withdrawal rates	(220 711)	
Salary increases higher than assumed	74 976	
Changes to employee profile different from assumed	(31 848)	
Actual benefits vesting, lower than expected	(118 135)	
<b>Net expense recognised in the statement of financial performance</b>		
Current service cost	567 978	499 725
Interest cost	334 133	304 937
Benefit Vestings	(526 556)	(443 380)
Total included in employee related costs	375 555	361 282
Actuarial Gain recognised in statement of financial performance	(308 107)	(14 087)
	<u>67 448</u>	<u>347 195</u>
Estimate of benefit vestings in the next financial year	(888 601)	(644 691)



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019 R  
2018 R  
(Restated)

**15.2 Long Service Awards (LSA) (Continued)**

**Sensitivity analysis on the accrued liability (R millions)**

Assumption	Change	Liability	% Change
Central Assumptions		4.352	
General salary inflation	1%	4.567	5%
	-1%	4.154	-5%
Discount Rate	1%	4.142	-5%
	-1%	4.584	5%
Average retirement age	-2yr	3.741	-14%
	2yr	4.698	12%
Withdrawal rates	-50%	4.823	11%

**Sensitivity analysis on Current-service and Interest Costs for the year ending 30/06/2019**

Assumption	Change	Current-Service Cost	Interest Cost	Total	% change
Central Assumptions		568 000	334 100	902 100	
General salary inflation	1%	608 200	353 500	961 700	7%
	-1%	531 900	316 400	848 300	-6%
Discount Rate	1%	535 200	352 900	888 100	-2%
	-1%	605 000	312 800	917 800	2%
Average retirement age	-2yr	528 000	292 700	820 700	-9%
	2yr	625 200	382 400	1 007 600	12%
Withdrawal rates	-50%	649 800	365 200	1 015 000	13%

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

Liability History	30/06/2016	30/06/2017	30/06/2018	30/06/2019
Accrued liability	3.869	3.937	4.284	4.352
Fair value of plan asset	0.000	0.000	0.000	0.000
Surplus/(Deficit)	(3.869)	(3.937)	(4.284)	(4.352)

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

Experience adjustments	30/06/2017	30/06/2018	30/06/2019
Liabilities: (Gain)/Loss	(0.128)	0.028	(0.075)
Assets: Gain/(Loss)	0.000	0.000	0.000

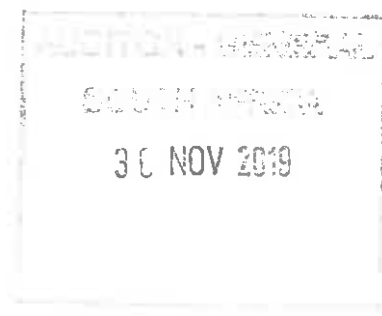
**Total Employee benefit obligations**

Post-Employment Medical Aid	21 941 541	22 655 931
Long Service Awards	4 351 610	4 284 162
	<b>26 293 151</b>	<b>26 940 093</b>
Non-current liabilities	24 560 565	25 507 661
Current liabilities	1 732 586	1 432 432
	<b>26 293 151</b>	<b>26 940 093</b>

AUDITOR - GENERAL  
SOUTH AFRICA  
30 NOV 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>16 Other financial liabilities</b>		
<b>Held at amortised cost</b>		
Standard Bank	1 543 613	2 195 827
Absa Bank loans	3 129 322	5 987 380
	<u>4 672 935</u>	<u>8 183 207</u>
<p>A loan from ABSA was taken up on 5 June 2015 for R13 000 000 at a fixed interest rate of 9.62%. Installments of R1 675 282 will be semi-yearly payable for 5 years. The last installment is payable on 31 May 2020. This loan will be funded from the MIG allocations.</p> <p>On 30 June 2016, a loan of R3 300 000 was also taken up from Standard Bank for the financing of vehicles purchased during the year at a fixed interest rate of 11.55%. Installments of R443 645 will be semi-yearly payable over five years. The last installment will be payable on 31 December 2020.</p> <p>No defaults or breaches or re-negotiations of the terms and conditions occurred during the year.</p> <p>The ABSA Bank loan has the following covenants applicable for the R13 000 000 loan:</p> <ol style="list-style-type: none"> <li>1. Consumer debtor's collection rate to be maintained at &gt;65%,</li> <li>2. Net cash from operating activities to interest bearing debt not to deteriorate below 60%, and</li> <li>3. Total interest bearing debt to annual operating revenue not to exceed 40%.</li> </ol> <p>The Standard Bank loan is not secured, but the following covenants are also applicable for the R3 300 000 loan:</p> <ol style="list-style-type: none"> <li>1. Debt to Revenue ratio: to be maintained at a level that is less than or equal to 50%.</li> <li>2. Billings to collection rate to be maintained at a level that is greater than or equal to 87.3%.</li> <li>3. Interest paid to total cost to be maintained at a level that is less than or equal to 7.5%.</li> </ol>		
<b>Non-current liabilities</b>		
At amortised cost	815 759	4 672 935
<b>Current liabilities</b>		
At amortised cost	3 857 176	3 510 272
	<u>4 672 935</u>	<u>8 183 207</u>
Opening Balance	8 183 207	11 363 616
Loan received		
Interest accrued	727 581	1 067 444
Payments	(4 237 853)	(4 237 853)
Closing Balance	<u>4 672 935</u>	<u>8 183 207</u>



# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R (Restated)
<b>17 Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	1 094 386	1 625 891
- In second to fifth year inclusive	237 821	1 326 797
	1 332 207	2 952 688
less: future finance charges	(95 408)	(306 355)
<b>Present value of minimum lease payments</b>	<b>1 236 799</b>	<b>2 646 333</b>
<b>Present value of minimum lease payments due</b>		
- within one year	1 008 468	1 409 534
- In second to fifth year inclusive	228 331	1 236 799
	1 236 799	2 646 333
<b>Non-current liabilities</b>	228 331	1 236 799
<b>Current liabilities</b>	1 008 468	1 409 534
	1 236 799	2 646 333

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

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

There are no subleases

### Defaults and breaches

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

### 18 Unspent conditional grants and receipts

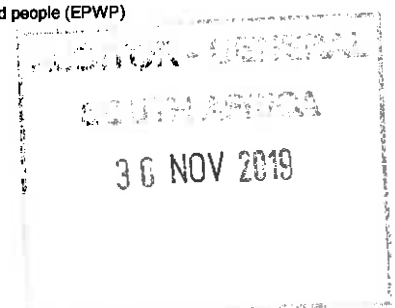
Other grants	25 264 283	1 982 972
--------------	------------	-----------

Unfulfilled conditions and other contingencies attaching to government assistance has been recognised as per the following table totalling R25 264 283. Where conditions have been met, the amounts were recognised as revenue and is shown under the transfer columns per the following table. The municipality complied with all the conditions attached to the grants / allocations. These amounts are invested in a ring-fenced investment until utilised.

Grant description	Unspent balance 2018	Receipts	Adjustments / written off	Transfer operating expenditure	Transfer capital expenditure	Unspent balance 2019
Municipal Infrastructure Grant (MIG)		14 117 000		(705 850)	(13 411 150)	-
Water Service Infrastructure Grant (WSIG)		50 000 000			(26 540 997)	23 459 003
District Municipality: Infrastructure Grant	13 915	139 339			(153 254)	-
Finance Management Grant (FMG)		1 770 000		(1 770 000)		
District Municipality: Youth and other tourism upgrades	700 000			(277 482)		422 518
Dr WH Craib Trust	13 015					13 015
District Municipality: Fire and Disaster	770 954	1 486 500			(1 096 006)	1 161 448
Depart Sport : Library admin cost		2 300 000		(2 300 000)		
Expanded Public Works Programme (EPWP)		1 000 000		(1 000 000)		
ACIP Water conservation	308 177				(265 657)	42 520
Integrated National Electrification Program (INEP)		6 000 000			(6 000 000)	
Abafazi Rural Project (LED)	66 208					66 208
Resourcing Youth Centre (LED)	102 703				(11 132)	91 571
Drought Relief Grant (WSIG)		42 300 000			(42 300 000)	
Moral Regeneration Movement Programme	8 000					8 000
	1 982 972	119 112 839	-	(6 053 332)	(89 778 196)	25 264 283

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

National Treasury (MIG, WSIG & FMG) :	Upgrade of Infrastructure (MIG and WSIG) and building financial capacity and learnerships (FMG)
Sarah Baardman District municipality:	Fire fighting, LED Projects and Infrastructure grants
Eastern Cape Department of Roads and Public Works:	Labour Intensive projects to promote job creation for unemployed people (EPWP)
Department of Sport and Agriculture:	Administration cost for Libraries
INEP	Electricity upgrading



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
--	-----------	-------------------------

**19 Provisions**

**Reconciliation of provisions - 2019**

	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	21 353 969		2 353 655	23 707 624
	<u>21 353 969</u>		<u>2 353 655</u>	<u>23 707 624</u>

**Reconciliation of provisions - 2018**

	Opening Balance	Additions	Adjustment for the year	Total
Environmental rehabilitation	25 926 519		(4 572 550)	21 353 969
	<u>25 926 519</u>		<u>(4 572 550)</u>	<u>21 353 969</u>

	<u>2019</u>	<u>2018</u>
<b>Non-Current liability</b>		
Amortised cost	23 707 624	21 353 969
	<u>23 707 624</u>	<u>21 353 969</u>

**Environmental rehabilitation provision**

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

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

There is no planning for closure and rehabilitation of the landfill sites within the next five years and this is likely to only commence around 2030.

The effective date of all valuations was 30 June 2019 and was done and certified by Mr. S Nel, Professional Engineer, from Bosch Munitech.

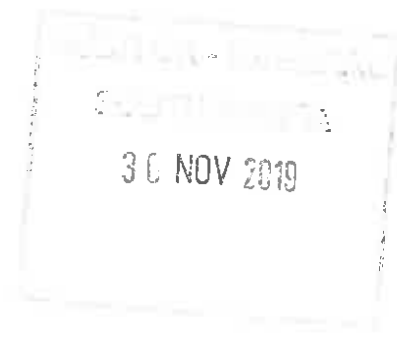
In Calculating the provision for rehabilitation, the following have been included:

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

No rehabilitation has taken place on Cookhouse or Pearston landfill sites during the current year, while covering has partly taken place at Somerset East landfill site.

Fencing at Cookhouse (316m) and Pearston (621m) and Somerset East (121m) has been vandalised and needs replacing.

Monetary values for landfill sites at 30 June 2019:	Cookhouse	1 397 249
	Pearston	4 068 542
	Somerset East	18 241 833
		<u>23 707 624</u>



**Blue Crane Route Municipality**

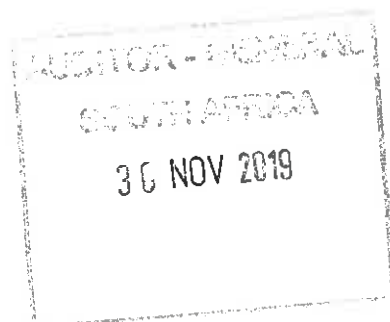
Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>20 Payables from exchange transactions</b>		
Trade payables	25 792 374	15 720 690
Payments received in advanced	711 883	612 378
Accrued leave pay	5 782 410	5 277 510
Accrued 13th cheque	1 925 496	1 866 600
Retention on Capital Projects	1 483 219	239 173
Previous employees of Dev Agency	813 694	813 694
Unidentified bank deposits	4 610	1 360
Deposits received (Town Hall & Chalets)	221 838	184 951
	<u>36 735 524</u>	<u>24 716 358</u>
<b>Prior Period adjustment</b>		
Balance as previously reported		24 263 121
Trade Payables: Pre-paid Vendor did not submit June 2018 Invoice on time (Ontec)		133 478
Trade Payables: Rates on water levies not invoiced for 2017/18 (Hougham Abrahams)		6 672
Trade Payables: Audit Committee member invoice for June 2018 (N Mzamo)		8 392
Trade Payables: Salary for 3 months not paid and not provided for in 2017/18 (K Mbuqe)		59 096
Trade Payables: Purchase of new tyres not taken into account for 2017/18 (Silumko Transport)		34 811
Trade Payables: Fuel purchases not provided as no invoices were received for 2017/18 (Subway Service station)		22 297
Prior to 2018: - Trade Payables: Rates on water levies not invoiced for 2016/17 and earlier (Hougham Abrahams)		18 489
Prior to 2018: - Trade Payables: Training Fees payable for National Diploma course for 4 employees (Global Business Solutions)		170 000
		<u>24 716 356</u>
<b>21 Trade and other payables from non-exchange</b>		
Trade and other	46 983	422 345
<b>22 VAT payable</b>		
VAT	2 280 343	2 419 497
<b>Prior period adjustment</b>		
Balance previously reported		2 457 954
Trade Payables: Pre-paid Vendor did not June 2018 invoice on time (Ontec)		(17 410)
Trade Payables: Rates on water levies not invoiced for 2017/18 (Hougham Abrahams)		(832)
Trade Payables: Purchase of new tyres not taken into account for 2017/18 (Silumko Transport)		(4 275)
Other Receivables: Insurance claim for vehicle written off 2017/18 only paid in July 2019		8 517
Prior to 2018: - Trade Payables: Rates on water levies not invoiced for 2016/17 and earlier (Hougham Abrahams)		(2 283)
Prior to 2018: - Trade Payables: Training Fees payable for National Diploma course for 4 employees (Global Business Solutions)		(22 174)
		<u>2 419 497</u>
VAT is payable on the receipts basis. VAT is claimed from and paid over to SARS only once payment is made on a tax invoice or payment is received from debtors.		
<b>23 Consumer deposits</b>		
Electricity & water	2 673 592	2 578 763
<b>24 Financial liabilities by category</b>		

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

	Financial liabilities at amortised cost
<b>2019</b>	
Other financial liabilities	(4 672 935)
Finance lease	(1 236 799)
Trade and other payables from non-exchange	(46 983)
Payables from exchange transactions	(30 241 231)
	<u>(36 197 948)</u>
<b>2018</b>	
Other financial liabilities	(8 183 207)
Finance lease	(2 646 333)
Trade and other payables from non-exchange	(422 345)
Payables from exchange transactions	(18 826 468)
	<u>(30 078 353)</u>





**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>25 Revenue</b>		
Property rates	13 222 692	12 098 426
Service charges	119 763 911	105 391 913
Rental of facilities and equipment	495 142	468 326
Interest earned - outstanding debtors	4 491 891	3 882 997
Interest earned - external investments	2 052 498	1 140 337
Agency Services - Provincial	1 013 340	1 053 871
Fines	125 798	55 479
Licences and permits	540 216	565 926
Transfers and Subsidies	145 657 745	83 919 158
Gain on disposal of assets	141 137	
Other revenue	1 937 233	2 260 524
	<u>289 441 603</u>	<u>210 836 957</u>

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

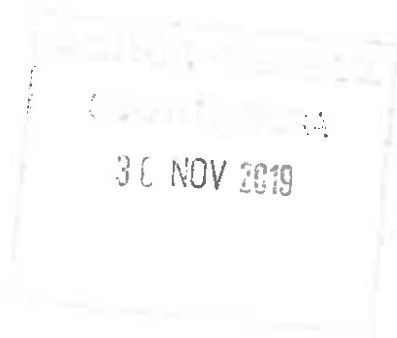
Service charges	119 763 911	105 391 913
Rental of facilities & equipment	495 142	468 326
Interest earned - outstanding debtors	4 491 891	3 882 997
Interest earned - external investments	2 052 498	1 140 337
Agency Services - Transaction handling fees	1 013 340	1 053 871
Gain on disposal of assets	141 137	
Miscellaneous other revenue	1 937 233	2 260 524
	<u>129 895 152</u>	<u>114 197 968</u>

The amount included in revenue arising from non-exchange transactions is as follows:

Property rates	13 222 692	12 098 426
Fines	125 798	55 479
Licences and permits	540 216	565 926
Transfers and Subsidies	145 657 745	83 919 158
	<u>158 546 451</u>	<u>96 638 989</u>

**Collectability of amounts**

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

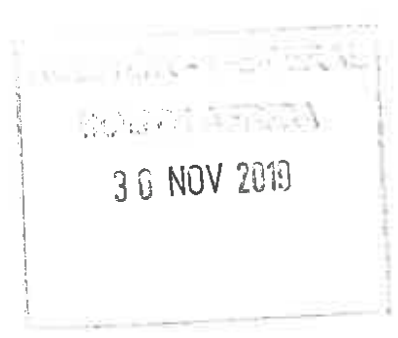


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>26 Property rates</b>		
Rates received		
All properties (Residential, Business, Agriculture and Commercial)	13 222 692	12 098 426
<b>Valuations</b>		
Agricultural	3 097 974 300	3 097 994 800
Commercial	134 185 250	132 446 150
Government - Infrastructure	1 521 300	1 437 100
Residential	481 737 100	480 875 100
Government - Other	334 207 300	330 342 600
	<u>4 049 625 250</u>	<u>4 043 095 750</u>
<p>Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will be done on 1 July 2019.</p> <p>Rates are levied on an annual basis with the final date for payment being 30 June 2019 (30 June 2018). Interest at prime plus 1% per annum (2018: prime plus 1% per annum), is levied on rates outstanding one month after due date.</p> <p>A general rate of 0.00071 for agricultural properties, 0.01126 for business properties, 0.00963 for residential properties, 0.00048 for government infrastructure properties and 0.01742 for government properties is applied to property valuations to determine assessment rates (2018: 0.00064 - agricultural properties, 0.01024 - business properties, 0.00875 - residential properties, 0.01642 - government properties and 0.00088 for Government Infrastructure). Rebates of the first R15 000 on the value of residential properties and the first 30% on the value of government infrastructure properties are granted. (2018: R15 000 - residential properties and 30% government infrastructure).</p>		
<b>27 Service charges</b>		
Sale of electricity	93 718 568	85 030 831
Sale of water	13 901 623	10 406 016
Sewerage and sanitation charges	5 036 749	4 428 958
Refuse removal	7 106 971	5 526 108
	<u>119 763 911</u>	<u>105 391 913</u>
<b>Electricity losses</b>		
Units	17 655 264	14 584 715
Amount	R 11 900 341	R 9 128 111
Percentage	22%	19%
<b>Water losses</b>		
Units	603 046	1 053 836
Amount	3 413 240	R 5 627 483
Percentage	30%	48%
<b>28 Investment revenue</b>		
Interest revenue		
Sporting and Other bodies	242	409
Bank Accounts	2 052 256	1 139 928
	<u>2 052 498</u>	<u>1 140 337</u>
<p>The amount of R2 052 498 (2018: R1 140 337) is included under revenue arising from exchange transactions</p>		
<b>29 Transfers and Subsidies</b>		
Equitable share	49 012 000	45 700 000
Government grant - MIG	14 117 000	12 496 000
Government grant - FMG	1 770 000	1 700 000
Government grant - WSIG	68 840 997	17 000 000
Government grant - EPWP	1 000 000	1 000 000
Provincial and District Municipality grants	4 882 531	4 865 658
Government grant - INEP	6 000 000	1 157 500
Non-Profit Institutions	25 217	
	<u>145 657 745</u>	<u>83 919 158</u>
<b>30 Other revenue</b>		
Incidental Cash surpluses	3 373	3 602
Commission: Transaction Handling Fees	175 144	174 604
Insurance Refund	95 499	114 962
Skills Development Levy Refund	161 989	135 323
Bad debts recovered	4 119	16 685
Sub-division and Consolidation	121 205	23 140
Building plan approvals	337 109	157 481
Burial Fees	84 508	78 527
General/Other	352 745	669 563
Library Fees	13 925	16 410
Camping Fees	84 928	100 615
Connection/Reconnection Fees	502 689	769 632
	<u>1 937 233</u>	<u>2 260 524</u>

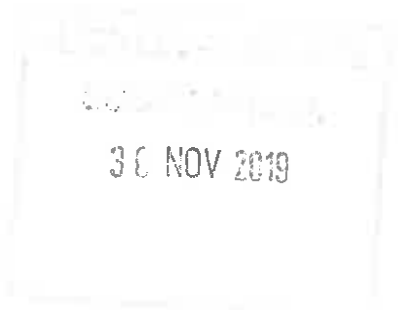


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>31 Employee related costs</b>		
Basic Salary and Wages	54 373 049	50 015 247
Bonuses	4 296 580	3 978 722
Social Contributions - Medical	2 923 019	2 778 746
Social Contributions - Group Life Insurance	2 106	2 288
Social Contributions - Unemployment Insurance	459 955	440 211
Social Contributions - Bargaining council	31 789	30 244
Social Contributions - Pension	8 605 782	8 037 988
Overtime	3 838 228	3 812 588
Other allowances: Non-Pensionable	3 458 496	3 793 014
Leave Gratuity	802 678	1 214 707
Post-retirement benefits - Medical : Past Service Cost	91 594	299 944
Long Term Service Awards: Past Service Cost	41 422	56 345
Post-retirement benefits - Medical : Interest Cost	2 133 568	2 072 656
Long Term Service Awards: Interest Cost	334 133	304 937
Less: Recharges to Capital Works	(1 908 420)	
	<u>79 483 959</u>	<u>78 837 617</u>
<b>Prior Period adjustment</b>		
Balance as previously reported		76 778 521
Basic Salaries: Salary for 3 months not paid and not provided for in 2017/18 (K Mbuqe)		59 096
		<u>76 837 617</u>
<b>Remuneration of municipal manager</b>		
Annual Remuneration	1 110 670	1 094 299
Car Allowance	120 000	120 000
Leave pay out		197 899
Remote Allowance	49 302	
Contributions to UIF, Medical and Pension Funds	1 890	1 884
	<u>1 281 862</u>	<u>1 414 982</u>
<b>Remuneration of chief finance officer</b>		
Annual Remuneration	868 504	876 665
Car Allowance	120 000	120 000
Contributions to UIF, Medical and Pension Funds	23 492	1 884
Remote Allowance	40 480	
Acting Allowance - Municipal Manager	20 360	
Leave pay out		
	<u>1 072 836</u>	<u>998 549</u>
<b>Remuneration of manager - corporate services (Vacant from 1 July 2017 to 31 October 2017)</b>		
Annual Remuneration	718 813	720 168
Car Allowance		20 000
Leave pay out		92 321
Remote Allowance	39 961	
Contributions to UIF, Medical and Pension Funds	119 307	91 955
	<u>878 081</u>	<u>924 444</u>
<b>Remuneration of manager - community services (Vacant from 1 July 2017 to 31 October 2017)</b>		
Annual Remuneration	852 284	735 527
Car Allowance	157 817	125 211
Remote Allowance	40 480	
Acting Allowance - Municipal Manager	45 809	
Leave pay out		99 707
Contributions to UIF, Medical and Pension Funds	1 890	1 569
	<u>1 098 280</u>	<u>962 014</u>
<b>Remuneration of manager - infrastructure (Vacant from 1 September 2017 to 31 May 2019)</b>		
Annual Remuneration	59 285	120 722
Car Allowance	10 000	25 390
Remote Allowance	3 373	
Leave pay out		96 014
Contributions to UIF, Medical and Pension Funds	15 048	313
	<u>87 706</u>	<u>242 439</u>

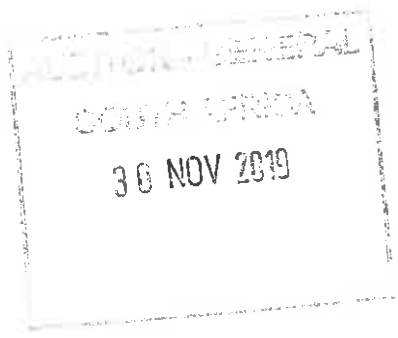


**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

		2019 R	2018 R (Restated)
<b>32 Remuneration of councillors</b>			
<b>Current Councillors</b>			
Mayor:	BA Manxweni	818 918	800 711
Chairperson: MPAC	NP Nkonyeni	359 175	347 069
Councillor	KC Brown	289 680	280 246
Councillor	P Sonkwala	289 680	280 246
Councillor	J Martin	289 680	280 246
Councillor	F Brown	289 680	280 246
Councillor	C Du Plessis	289 680	280 246
Chairperson: Community Services	A Hufkie	359 175	347 069
Chairperson: Infrastructure	T Grootboom	359 175	347 069
Councillor	M Kwatsha	359 175	347 069
Councillor	T Xakaxa	289 680	280 246
		<b>3 993 698</b>	<b>3 870 463</b>
<b>In-kind benefits (Included under "Contracted Services")</b>			
The following Councillors received benefits in-kind (Study Fees):			
Chairperson: MPAC	NP Nkonyeni	-	81 075
		<b>3 993 698</b>	<b>3 951 538</b>



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>33 Debt impairment</b>		
Allowance for Impairment	15 254 192	5 327 520
Debts written off	4 198 691	3 663 387
	<u>19 452 883</u>	<u>8 990 907</u>
<b>34 Finance costs</b>		
Overdue accounts	10 684	10
Annual Loans	727 582	1 057 444
Finance leases	216 357	276 288
Interest cost - Landfill sites liability	2 353 655	
	<u>3 308 278</u>	<u>1 333 742</u>
Interest expense is calculated using the effective interest rate.		
<b>35 Bulk purchases</b>		
Electricity	78 949 766	70 536 574
Water	1 042 737	1 342 516
	<u>79 992 493</u>	<u>71 879 089</u>
Prior Period adjustment		
Balance previously reported		<u>71 873 249</u>
Rates on water levies not invoiced for 2017/18 (Hougham Abrahams)		5 840
		<u>71 879 089</u>
<b>36 Contracted Services</b>		
Business and Advisory - Valuer and Assessors	444 758	75 725
Connection/Dis-connection - Electricity	357 840	730 296
Laboratory Services	18 580	35 023
Consultants and Professional Services - Legal Cost	416 524	401 014
Outsourced Services - Drivers Licence Cards	116 206	95 037
Contractors - Safeguard and Security	1 893 517	1 155 110
Contractors - Transportation		21 852
Outsourced Services - Business and Advisory	3 610 196	2 948 460
Outsourced Services - Medical Services	1 193	4 391
Contractor Services - Infrastructure and Planning		2 000
Contracted Services - Electrical Services		27 282
Contracted Services - Maintenance of Unspecified Assets	1 156 528	1 192 456
	<u>8 014 322</u>	<u>6 688 426</u>
Prior Period adjustment		
Balance previously reported		6 533 430
Outsource services - Business and Advisory: Pre-paid Vendor did not send in June 2018 invoice on time (Ontec)		116 068
Outsource services - Business and Advisory: Audit Committee member invoice for June 2018 (N Mzamo)		8 392
Contracted Services - Maintenance of Unspecified Assets: Fitment of new vehicle tyres (Silumko Transport)		30 536
		<u>6 688 426</u>
<b>37 Inventory Consumed</b>		
Consumables - Standard Rated	3 419 625	2 539 532
Consumables - Zero Rated (2018: Operational Cost - Wet Fuel - Incorrect mSCOA Item)	2 558 802	2 541 282
	<u>5 978 427</u>	<u>5 080 814</u>
Prior Period adjustment		
Balance previously reported		2 539 532
Fuel cost transferred to Inventory Consumed as per mSCOA Classification (Note 39)		2 541 282
		<u>5 080 814</u>
<b>38 Transfers and Subsidies</b>		
Non-Profit Institutions - Tourism		192 428
Non-Profit Institutions - Other	8 960	15 500
South African Local Government Association	829 800	802 090
	<u>838 760</u>	<u>1 010 018</u>



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>39 Operational Cost</b>		
Advertising, Publicity and Marketing and Tenders	248 663	218 769
External Audit Fees	3 674 748	2 944 228
Bank charges, Facility and card fees	110 538	79 235
Entertainment	129 884	161 900
Insurance Underwriting: Premiums	892 981	674 535
Insurance Underwriting: Excess payments (2018: Included under Premiums)	15 749	39 305
Registration Fees - Seminars, Conferences, Workshops	28 939	29 509
Hire Charges	122 946	261 221
Printing, Publications and Books	758 771	772 789
Uniform and Protective clothing	466 642	238 600
Telephone, Fax, Telegraph and Telex	2 218 329	2 270 848
Courier and Delivery Services	1 155	8 711
Deeds	10 817	26 620
Licences - Radio and Television	2 609	
Licences - Motor Vehicle Licence and Registration	229 328	208 176
Remuneration to Ward Committee	646 130	538 886
Workmen's Compensation Fund	480 495	500 302
Professional Bodies, Membership and subscriptions		21 179
Skills Development Levy	806 151	746 608
Travel and Subsistence	1 486 501	1 575 748
Assets less than capitalisation Threshold	3 856	2 990
External Computer Services - Software Licences	483 426	507 418
Transport provided as part of events	27 593	19 992
Communications: Satellite Signals	9 013	10 339
Recharges to Capital Projects	(506 005)	(2 504 170)
	<u>12 349 259</u>	<u>9 353 738</u>
<b>Prior Period adjustment</b>		
Balance previously reported		11 872 723
Fuel cost transferred to Inventory Consumed as per mSCOA Classification (Note 37)		(2 541 282)
Fuel: Outstanding fuel cost from Subway Service station not provided in 2017/18		22 297
		<u>9 353 738</u>
<b>40 Auditors' remuneration</b>		
Audit Fees	<u>3 674 748</u>	<u>2 944 228</u>
An amount of R532 694 was outstanding at 30 June 2019 and paid in August 2019		
<b>41 Net cash flows from operating activities</b>		
Surplus/(deficit)	44 225 584	(3 322 030)
<b>Adjustments for:</b>		
Depreciation and amortisation	35 051 599	35 145 002
(Gain) / Loss on sale of assets and liabilities	(141 137)	69 980
Finance costs (finance leases)	216 357	276 288
Debt impairment	19 452 883	8 990 907
Movement in retirement benefit assets and liabilities	(714 390)	915 206
Movement in Long Service Awards Liability	67 448	347 195
Movements in provisions	2 353 655	(4 572 550)
<b>Changes in working capital:</b>		
(Increase)/decrease in inventories	(270 726)	(76 432)
(Increase)/decrease in other receivables from exchange transactions	(98 334)	(112 403)
(Increase)/decrease in other receivables from non-exchange transactions	(1 214 457)	(79 320)
(Increase)/decrease in Trade receivables from exchange transactions	(23 489 750)	(9 100 958)
Increase/(decrease) in payables from exchange transactions	12 019 168	731 805
Increase/(decrease) in VAT payable	(139 154)	(609 189)
Increase/(decrease) in trade and other payables from non-exchange	(375 362)	366 645
Increase/(decrease) in unspent conditional grants and receipts	23 281 311	(2 214 631)
Increase/(decrease) in consumer deposits	94 829	157 737
	<u>110 319 524</u>	<u>26 913 252</u>


  
 30 NOV 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>42 Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
Infrastructure related projects	34 762 366	1 657 276
	<u>34 762 366</u>	<u>1 657 276</u>

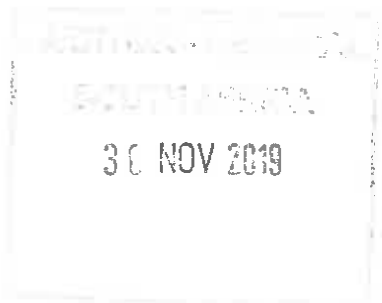
This committed expenditure relates to Infrastructure projects and will be financed by Government Grants.

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

No operating leases were paid for in the 2019 financial year.

**Operating leases - as lessor (Income)**

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



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019	2018
R	R
	(Restated)

**43 Contingencies****Contingent liabilities****Matter: Blue Crane Route Municipality vs G Sammy**

2017/18

Ms Sammy has lodged a referral with the Labour Court in April 2014 demanding payment to her of the sum of R38 428, being alleged amounts due in respect of remuneration.

2018/19

The Municipality is awaiting a response from the Applicant's attorneys with regard to the pre-trial Minute forwarded to their offices.

It is anticipated that further costs will amount to approximately R100 000 which does not include the cost associated with any cost order and/or compensation the former employee may become entitled should she be successful.

**Matter: Blue Crane Route Municipality vs Y Qola**

2017/18

Ms Qolo benefitted from the municipal financial scheme in April 2017 and immediately after graduating she resigned. The Municipality deducted this amount from her leave days and she referred the matter to her lawyers. The Municipality have responded to her attorneys and there has been no further action. The amount involved is R20 238.

2018/19

No further progress.

**Matter: Blue Crane Route Municipality vs R Brown**

2017/18

Mr Brown claim from the Municipality an amount of R46 216 for repairs done on a common boundary.

In the Magistrate Court it was found that the Magistrate has no jurisdiction to adjudicate the amount of the debt and that the proper way to settle the debt is by way of declaring a dispute in terms of section 29 of the Fencing Act no 31 of 1963.

2018/19

A letter was received from Mr Brown's attorney's requested to refer the dispute a Board to be appointed. The Municipality still considering this request.

**Matter: Blue Crane Route Municipality vs G Kameel**

2017/18

G Kameel lodged an application for eviction against the first respondent, Kenny Mahlatini from erf 134.

To date the Municipality still awaiting further correspondence from the first respondent's attorneys.

2018/19

No further progress.

**Matter: Blue Crane Route Municipality vs Municipal Workers Retirement Fund (MWRf)**

2017/18

The effected workers are claiming an amount of R2 686 022 for the Council's contributions that was less than what it should be towards the retirement fund for the period July 2007 to June 2013. The employees also need to contribute an additional amount of R1 111 246 for the same period of time. Since 1 July 2013, the correct contributions were paid over to the fund. This claim of back-pay re-surfaced in May 2016. This claim could have prescribed as at 1 July 2017 (after three years). Council still needs to resolve this matter.

2018/19

No further progress. The Municipality is still in discussions with the unions and attorneys.

**Matter: Blue Crane Route Municipality vs N Mantana**

2017/18

During the 2017/18 financial year, the municipality advertised for the vacant position of Labour Relations Officer to be filled. Mr N Mantana applied for this position but was not appointed due to certain discrepancies in his CV. Mr Mantana's attorneys applied then to receive the information that the Municipal Manager used to base his decision on. No financial claim was made against the municipality yet. The matter is still in process.

2018/19

No further progress or claim made against the municipality. This matter will now be taken off from the contingencies.

**Contingent assets****Matter: Blue Crane Route Municipality vs Autumn Star/Claassen**

2017/18

The matter is on going. The Municipality's prospects of success remains strong and should be able to obtain an order for repayment of approximately R1 561 737 (Autumn Star) and R3 602 190 (Claassen). New court dates has been made.

2018/19

No further progress. Awaiting new court dates.

**Matter: Blue Crane Route Municipality vs A Swanepoel**

2017/18

The Municipality appeal was successful, but Bill of costs has not been taxed yet. The total claim amount is R50 000.

The file of Mr Swanepoel has been forwarded to the Cost Consultant after which the file will be returned to the Municipality.

2018/19

No further progress. The file of Mr Swanepoel is still outstanding.

**Matter: Blue Crane Route Municipality vs P January**

2017/18

P January was employed at the Municipality and resigned on 31 March 2017. After she left it was discovered that salary was paid while her sick leave was exhausted. The possible overpayment is according the Municipality's calculation approximately R170 000. The Municipality tried to recover this from the pension fund but was unsuccessful. An application is in process with the legal presentation.

2018/19

This matter has been withdrawn by the Municipality attorneys for internal investigation. If the Municipality decide to proceed with this matter, further anticipated cost will be approximately R60 000.

**Matter: Blue Crane Route Municipality vs Santam Insurance Limited**

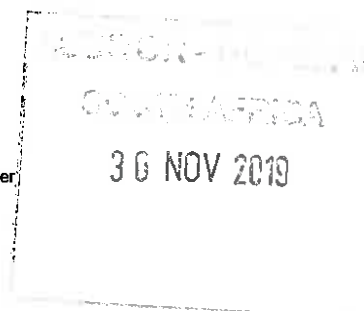
2017/18

The Municipality received an amount of R1 500 000 for the recovery of the cost paid to the claimants injured in a truck accident.

The Municipality won the case with costs. The attorneys must therefore still recover the cost from Santam.

2018/19

The Municipality's attorneys are still following up with payment of bill of costs.





# Blue Crane Route Municipality

Annual Financial Statements for the year ended 30 June 2019

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R (Restated)
<b>44 Related parties</b>		
<b>Contracts awarded to suppliers in the service of the state</b>		
PNB Civils Owner was working for Mossel Bay Municipality until February 2017		89 400
Norotype (PTY)LTD , child of Employee (C Malambile) from Department of Health	7 920	2 625
MLB Arms & Ammunition - Owner's spouse employee of Department of Health		3 821
Ebusha General Trading (Director's daughter employed by the Provincial Department )	77 102	397 432
<b>Contracts awarded to close family members</b>		
Ezithathwini Pty Ltd (Owner is sister of Councillor NP Yantolo)	7 675	4 440
Culiso Trading (PTY)LTD (Brother of Employee J Vongo)	11 936	
Lwandif Catering (PTY) LTD (Sister of Employee N Blignaut)	4 720	
PJA Jordaan Transport (Child of Employee M Jordaan)	2 000	
<b>No awards made to Section 56 and other Councillors, except as per notes 31 and 32</b>		
<b>Councillors:</b>		
BA Manxoweni	Mayor:	
NP Nkonyeni	Chairperson: MPAC	
KC Brown	Councillor	
P Sonkwala	Councillor	
J Martin	Councillor	
F Brown	Councillor	
C Du Plessis	Councillor	
A Hufkle	Chairperson: Community Services	
T Grootboom	Chairperson: Infrastructure	
M Kwatsha	Councillor	
T Xakaxa	Councillor	
<b>Section 56 managers:</b>		
T Klaas	Municipal Manager	
NB Delo	Chief Financial Officer	
L Nkanjani	Director: Corporate Services	
M Planga	Director: Community Services	
A Gaji	Director: Technical Services	
<b>Acting Senior Managers:</b>		
N Dlova	Acting Director: Technical Services	18 248
V Appolis	Acting Director: Technical Services	2 478
PM Blouw	Acting Director: Corporate Services	66 740
M Gush	Acting Director: Corporate Services	7 351
N Mbebe	Acting Director: Corporate Services	1 841
<b>45 Prior period adjustments</b>		
During the preparation of the municipality's annual financial statements, a number of prior period errors (periods before 2018), affecting various balances were noted. These errors were corrected retrospectively.		
The correction of the error(s) results in adjustments as follows:		
<b>Other receivables from non-exchange transactions (Note 8)</b>		
Prior to 2018: Other Receivables - Overpayment to employees Provident Fund for 2014/15 and earlier		(9 381)
<b>Property, plant and equipment (Note 12)</b>		
Prior to 2018: Adjust opening balance because of correction of error - depreciation calculation was not consistent applied as per Assets Management policy.		2 125 152
<b>Payables from Exchange transactions (Note 20)</b>		
Prior to 2018: - Trade Payables: Rates on water levies not invoiced for 2016/17 and earlier (Hougham Abrahams)		18 489
Prior to 2018: - Trade Payables: Training Fees payable for National Diploma course for 4 employees (Global Business Solutions)		170 000
		188 489
<b>VAT payable (Note 22)</b>		
Prior to 2018: - Trade Payables: Rates on water levies not invoiced for 2016/17 and earlier (Hougham Abrahams)		(2 283)
Prior to 2018: - Trade Payables: Training Fees payable for National Diploma course for 4 employees (Global Business Solutions)		(22 174)
		(24 457)
<b>Accumulated surplus adjustments (Earlier than 2018)</b>		
Other receivables from non-exchange transactions		9 381
Property, plant and equipment		(2 125 152)
Payables from exchange transactions		(188 489)
VAT payable		24 457
		(2 279 803)
<b>Prior period adjustments</b>		
Adjustments to PPE (See Note 12)		(553 107)
Adjustments to Employee related costs (See Note 31)		(59 096)
Adjustment to Contracted Services (See Note 36)		(164 998)
Adjustments to Bulk Purchases ( Note 35)		(5 840)
Adjustments to Operational costs (Note 39)		(22 287)
Adjustment to the loss on disposal of assets (Insurance payout received for vehicle written off)		56 778
Adjustment: Opening accumulated surplus 2018 (See above detail)		(2 279 803)
		(3 018 361)



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019  
R  
2018  
R  
(Restated)

**46 Risk management**

**Financial risk management**

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

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

**Liquidity risk**

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

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

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

**Interest rate risk**

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

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

**Cash flow interest rate risk**

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years
Other financial liabilities	9.62%	(3 857 176)	(815 759)
Trade and other payables from non-exchange	10.50%	(46 983)	
Payables from exchange transactions	7%	(36 735 524)	
Finance lease obligation	9.55%	(1 008 468)	(228 331)
Trade and Other receivables from exchange	11.00%	30 073 584	
Other receivables from non-exchange	11.00%	5 467 484	
Other financial assets	5.00%	2 982	
Cash in current banking institutions	6.50%	27 620 655	

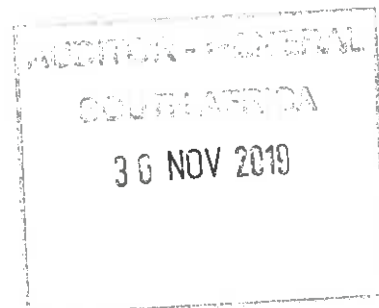
Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used.

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

Financial Instrument	2019	2018
Trade receivables from exchange transactions	28 841 818	23 917 276
Other receivables from non-exchange transactions	5 467 484	5 140 702
Other receivables from exchange transactions	1 231 766	1 133 432
Other financial assets	2 982	6 401
Short term deposits and cash in banks	27 620 655	1 218 800

The municipality holds deposits of R2 873 593 (2018: R2 578 763) from consumer debtors. No guarantees or collateral was provided to third parties.



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019 R	2018 R (Restated)
-----------	-------------------------

**47 Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business for the 12 month period ending 30 June 2020.

The following material uncertainties may cast doubt on the going concern assumption:

- Debt payment ratio's not in the norm
- Credit payment ratio's not in the norm
- Current liabilities exceed current assets
- High level of water and electricity losses that occur
- High level of poverty within the BCRM's municipal area
- The potential risk that contingent liabilities as disclosed in this set of financial statements may materialise in actual commitments to pay.

These following revenue enhancement strategies are currently in place to ensure that we address the above listed concerns:

- Debt collection interventions, including services restrictions if bills are not paid and issuing of summonses
- Implementation of an electronic meter reading system to ensure accurate and timely issuing of accounts
- Meter audits, to establish if all service usages are accounted for
- Installation of bulk electricity and water meters to track and monitor losses
- Replacement of old electricity and water infrastructure to curb electricity and water losses
- Developing of cost covering tariffs to ensure that consumers are paying for the services rendered by the municipality
- Cost containing measures to prevent unnecessary expenditure
- Implementation of a general valuation roll to ensure that the new market values of property are accounted for
- VAT audits
- Establishing a LED unit to attract business opportunities for local business

**48 Events after the reporting date**

There are no events after reporting date to report on.

**49 Unauthorised expenditure**

Opening balance	11 053 442	9 435 068
Add: Unauthorised Expenditure - current year	7 173 518	1 618 374
	18 226 960	11 053 442

Unauthorised expenditure occurred during the 2019 year due to debt impairment much more than expected per vote. However the total operating budget was 99.3% spent for the year and thus not overspent.

**50 Fruitless and wasteful expenditure**

Opening balance	834 861	834 851
Add: Fruitless and wasteful expenditure - current year	10 684	10
	845 545	834 861

Council received the COGTA investigation report into the loss of R 834,861 in March 2018. An action plan was adopted by Council. Various of oversight structures are implementing this action plan.

**51 Irregular expenditure**

Opening balance	95 956 021	83 858 547
Add: Irregular Expenditure - current year	18 417 649	12 097 474
Add: Irregular Expenditure - previous year related but identified in the current year.	486 832	
Less: Written off by Council	(93 943 049)	
	20 917 453	95 956 021

Details of irregular expenditure - current year

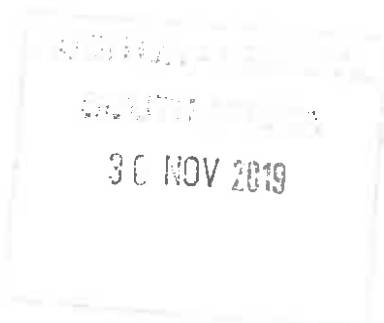
Supply Chain Management regulations not adhered to

20 917 453	95 956 021
------------	------------

Refer to Annexure "A" for the full list of deviations

45 471 208	2 101 656
------------	-----------

Irregular expenditure are made up by payments mainly to Consulting engineers, Construction companies, Security services and fuel expenditure since 2011/12. These appointments were done by not following Council Procurement processes. Council appointed a disciplinary board during February 2017 to investigate these expenditure. These investigations includes value for money determination and asset verification checks which are performed by Council's internal audit unit. During 2019, R 93.9 m was written off by Council through the processes of the Disciplinary board.



**Blue Crane Route Municipality**

Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019 R  
2018 R  
(Restated)

**52 Reconciliation between budget and statement of financial performance**

	Actual amounts as per Budget	Actual amounts as per State- ment of Financial Performance	Difference	Comment
<b>Classification Basis</b>				
<u>Revenue</u>				
Property rates	13 223 612	13 222 692	920	Budget Includes Municipal Services
Service Charges	128 154 968	119 763 911	8 391 077	
Service Charges: Electricity	101 719 495	93 718 568	8 000 927	Budget includes Municipal Services
Service Charges: Water	14 140 908	13 901 623	239 285	Budget Includes Municipal Services
Service Charges: Sanitation	5 088 705	5 036 749	51 956	Budget Includes Municipal Services
Service Charges: Refuse	7 205 880	7 106 971	98 909	Budget Includes Municipal Services
Other Income	5 184 892	1 937 233	3 247 659	
Actuarial Gain	3 247 659		3 247 659	Shown in AFS Fin Perf as a separate item
Other Income	1 937 233	1 937 233		
<u>Expenditure</u>				
<b>Classification Basis</b>				
Employee Related Costs	77 016 258	79 483 959	(2 467 701)	
Post- Retirement: Interest		2 467 701	(2 467 701)	PRMA Interest under Finance cost as per budget
Other Employee related cost	77 016 258	77 016 258		
Finance Costs	5 775 979	3 308 276	2 467 701	Budget Includes PRMA Interest under Employee
Inventory Consumed	3 419 625	5 978 427	(2 558 802)	Fuel cost shown in AFS as Inventory consumed
Operational Costs/Other Expenditure	23 300 058	12 349 259	10 950 799	
Municipal Services: Electricity	8 000 927		8 000 927	Budget Includes Municipal Services
Municipal Services: Water	239 285		239 285	Budget Includes Municipal Services
Municipal Services: Sewerage	51 956		51 956	Budget Includes Municipal Services
Municipal Services: Refuse	98 909		98 909	Budget Includes Municipal Services
Municipal Services: Rates	920		920	Budget Includes Municipal Services
Inventory consumed (Fuel)	2 558 802		2 558 802	Fuel shown in AFS as Inventory consumed
Other Operational cost/Expenditure	12 349 259	12 349 259		

30 NOV 2019

**Blue Crane Route Municipality**

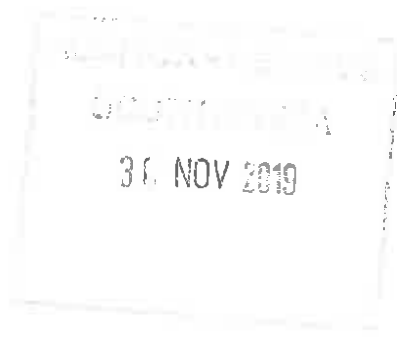
Annual Financial Statements for the year ended 30 June 2019

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2019 R	2018 R (Restated)
<b>53 Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>PAYE, UIF AND SDL</b>		
SARS deductions		
Amount paid over	11 747 042	10 296 108
	<u>(10 826 670)</u>	<u>(9 514 863)</u>
	<u>920 372</u>	<u>781 245</u>
The outstanding amount of R920 372 for Income Tax was paid to SARS in July 2019.		
<b>Pension and Medical Aid Deductions</b>		
Current year deductions		
Amount paid - current year	16 847 706	15 987 634
	<u>(16 847 706)</u>	<u>(15 989 527)</u>
	<u>-</u>	<u>(1 893)</u>
<b>Councillors' arrear consumer accounts</b>		
No Councillors municipal charges were outstanding for more than 90 days at 30 June 2019		
<b>Organised Local Government (SALGA)</b>		
Contribution for the year		
	<u>829 800</u>	<u>802 090</u>
No contributions were outstanding at year end.		

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

Revenue	Final Budget 2019 R	Actual 2019 R	Variance R	Variance %	Explanation
Interest earned - external investments	1 300 000	2 052 498	752 498	58%	WSIG Grants spending delayed
Interest earned - outstanding debtors	3 960 700	4 491 891	531 191	13%	Debtors payrate decreased
Rental of facilities and equipment	390 000	495 142	105 142	27%	mSCOA Budget mistakes
Fines	411 000	125 798	(285 202)	-69%	Contractor stopped with elect inspections
Licences and permits	480 000	540 216	60 216	13%	Additional licences income
Agency services	850 000	1 013 340	163 340	19%	Additional licences income
Transfers and Subsidies	170 817 610	145 657 745	(25 159 865)	-15%	Capital Grants not fully spent
Gains on disposal of PPE	100 000	141 137	41 137	41%	Insurance claims more than suspected
Other Income	1 163 800	5 184 892	4 021 092	346%	Actuarial Gains more than suspected
<b>Expenditure</b>					
Debt impairment	10 575 000	19 452 883	8 877 883	84%	Debtors payrate decreased
Transfers and Subsidies	1 020 800	838 760	(182 040)	-18%	Transfer to Tourism Bureau not done



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

2019  
R

2018  
R  
(Restated)

**55 Final budget versus original budget: Explanation of material variances greater than 10%**

	<b>Final Budget 2019 R</b>	<b>Original Budget 2019 R</b>	<b>Variance R</b>	<b>Variance %</b>	<b>Explanation</b>
<b>Revenue</b>					
Interest earned - external investments	1 300 000	1 000 000	300 000	30%	Delayed utilisation of capital grants
Rental of facilities and equipment	390 000	453 080	(63 080)	-14%	mSCOA re-classifications
Agency services	850 000	600 000	250 000	42%	Additional licences income
Transfers and Subsidies	170 817 610	124 950 430	45 867 180	37%	Additional WSIG allocated for drought relief
<b>Expenditure</b>					
Debt impairment	10 575 000	9 505 000	1 070 000	11%	Decrease in debtors payrate
Finance charges	5 504 750	6 188 420	(683 670)	-11%	mSCOA re-classifications
Inventory consumed	3 677 790	3 219 690	458 100	14%	Additional operational grant received
Transfers and Subsidies	1 020 800	783 000	237 800	30%	Additional grants for Tourism Bureau

30 NOV 2019

Note 56.1

EC102 Blue Crane Route - Reconciliation of Table A1 Budget Summary

Description	2018/19				2017/18							
	Original Budget	Budget Adjustments (i.e. MFMA c28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditures	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Reconciled Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12
<b>Financial Performance</b>												
Property rates	13 478	-	13 478	13 224		(254)	96.1%	96.1%				12 089
Service charges	128 038	3 079	132 118	128 155	(3 963)		97.0%	98.3%				114 638
Interest earned - external investments	1 000	300	1 300	2 052	752		157.9%	205.2%				1 140
Transfers and recognised-operational	52 368	52 368	52 368	53 580	1 211		102.3%	102.3%				52 368
Other own revenue	7 024	231	7 256	11 862	4 737		165.3%	170.7%				14 331
<b>Total Revenue (including capital transfers and contributions)</b>	<b>202 868</b>	<b>55 978</b>	<b>258 846</b>	<b>209 003</b>	<b>2 444</b>	<b>2 444</b>	<b>98.4%</b>	<b>102.3%</b>				<b>194 877</b>
Employee related costs	78 527	(1 452)	76 075	77 018		(1 058)	98.6%	98.3%				76 170
Remuneration of councillors	4 074	(80)	3 994	3 894		(1)	100.0%	98.0%				3 870
Debt impairment	9 505	1 070	10 575	19 453	8 878		184.0%	204.7%				8 991
Depreciation & asset impairment	37 533	-	37 533	35 052	(2 481)		93.4%	93.4%				35 065
Finance charges	8 186	(684)	7 502	5 776	271		104.9%	93.5%				1 334
Materials and bulk purchases	85 947	2 180	88 128	83 412	(4 716)		94.6%	97.1%				74 414
Transfers and subsidies	783	238	1 021	539	(1 82)		82.2%	107.1%				1 010
Other expenditure	32 485	1 228	33 713	31 314	(2 400)		92.9%	96.4%				28 585
<b>Total Expenditure</b>	<b>256 082</b>	<b>2 489</b>	<b>258 571</b>	<b>258 656</b>	<b>-</b>	<b>(1 655)</b>	<b>99.3%</b>	<b>100.3%</b>				<b>229 498</b>
Surplus/(Deficit)	(53 143)	53 479	(49 235)	(47 653)		4 178	89.4%	89.4%				(54 873)
Transfers recognised - capital	69 411	46 341	114 753	92 073	(22 674)		80.2%	132.7%				31 551
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	16 269	98 821	115 090	44 228		(22 262)	66.5%	271.9%				(3 322)
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-				-
Surplus/(Deficit) for the year	16 269	98 821	115 090	44 228		(22 262)	66.5%	271.9%				(3 322)
<b>Capital expenditures &amp; funds sources</b>												
Capital expenditure												
Transfers recognised - capital	69 411	44 813	114 225	78 794		(35 431)	68.0%	113.5%				27 830
Public contributions & donations	-	-	-	-		-	-	-				-
Borrowing	-	-	-	-		-	-	-				1 240
Internally generated funds	430	-	430	408	(22)		94.6%	94.6%				588
<b>Total sources of capital funds</b>	<b>69 841</b>	<b>44 813</b>	<b>114 655</b>	<b>79 201</b>	<b>(35 453)</b>	<b>(35 453)</b>	<b>113.4%</b>	<b>113.4%</b>				<b>28 658</b>
<b>Cash flows</b>												
Net cash from (used) operating	69 570	33 615	103 185	110 225		7 039	108.8%	158.4%				26 755
Net cash from (used) investing	(69 641)	(28 858)	(98 500)	(78 782)		20 718	79.2%	113.1%				(93 821)
Net cash from (used) financing	(1 260)	(3 145)	(4 405)	(5 041)		(636)	114.4%	400.1%				(2 941)
<b>Cash/cash equivalents at the year end</b>	<b>444</b>	<b>59</b>	<b>503</b>	<b>27 624</b>	<b>27 624</b>	<b>27 121</b>	<b>5409.7%</b>	<b>6219.7%</b>				<b>1 223</b>

30 NOV 2019

30 NOV 2019

Note 56.2

EC-102 Blue Crane Route - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2018/19						2017/18					
	Original Budget	Budget Adjustments (i.e. MFMA 23)	Final adjusted budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue - Standard</b>												
<i>Government and administration</i>												
Executive and council	56 829	(2 825)	53 904	56 119	-	11 489	102.3%	102.3%	-	-	-	53 906
Finance and Administration	22 258	(3 265)	18 993	19 069	-	(9 844)	48.4%	42.3%	-	-	-	20 908
Corporate services	34 571	280	34 851	39 051	-	21 132	160.5%	161.9%	-	-	-	33 072
Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	3 498	2 533	6 031	4 408	-	3 545	73.2%	126.4%	-	-	-	4 048
Community and social services	2 510	-	2 510	2 128	-	4 775	290.2%	290.2%	-	-	-	2 395
Sport and recreation	130	278	408	362	-	(49)	88.6%	278.8%	-	-	-	101
Public safety	90	2 217	2 307	1 122	-	(1 185)	48.6%	124.9%	-	-	-	793
Housing	-	-	-	-	-	-	-	-	-	-	-	-
Health	756	38	794	794	-	0	100.0%	105.0%	-	-	-	758
<i>Economic and environmental services</i>												
Planning and development	2 327	743	3 070	2 729	-	(442)	88.9%	117.2%	-	-	-	2 434
Road transport	2 327	255	2 582	2 729	-	146	105.7%	117.2%	-	-	-	12
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	2 422
Trading services	212 948	49 128	262 075	235 835	-	(26 250)	90.0%	110.7%	-	-	-	165 866
Energy services	116 981	519	117 500	115 238	-	(2 262)	98.1%	98.5%	-	-	-	102 427
Water management	72 543	45 871	117 574	94 229	-	(23 745)	79.8%	129.9%	-	-	-	36 814
Waste water management	11 881	1 188	12 879	12 876	-	1	100.0%	110.2%	-	-	-	10 857
Waste management	11 743	1 989	13 732	13 488	-	(244)	98.2%	114.9%	-	-	-	15 528
<i>Other</i>												
<b>Total Revenue - Standard</b>	<b>276 591</b>	<b>48 477</b>	<b>325 068</b>	<b>301 051</b>	<b>-</b>	<b>(11 850)</b>	<b>92.8%</b>	<b>103.2%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226 128</b>
<b>Expenditure - Standard</b>												
<i>Government and administration</i>												
Executive and council	71 410	(842)	70 568	67 662	-	(3 705)	94.7%	93.8%	-	-	-	66 185
Finance and Administration	10 476	(408)	10 068	9 409	-	(659)	93.5%	88.6%	-	-	-	9 278
Corporate services	58 415	(398)	58 017	55 983	-	(3 046)	94.8%	94.2%	-	-	-	55 606
Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-
Community and public safety	1 519	111	1 630	1 689	-	(439)	86.4%	95.6%	-	-	-	1 301
Community and social services	12 239	(59)	12 180	11 742	-	(273)	96.3%	90.7%	-	-	-	10 842
Sport and recreation	7 772	(206)	7 566	7 285	-	(273)	96.3%	93.7%	-	-	-	7 015
Public safety	983	253	1 236	1 204	-	(32)	97.4%	122.6%	-	-	-	932
Housing	2 432	244	2 676	2 625	-	(51)	107.9%	107.9%	-	-	-	2 378
Health	1 052	(346)	704	627	-	(76)	88.1%	59.6%	-	-	-	559
<i>Economic and environmental services</i>												
Planning and development	18 668	2 688	21 357	19 900	-	(1 757)	91.8%	105.0%	-	-	-	19 368
Road transport	1 936	332	2 268	1 766	-	(502)	77.9%	91.2%	-	-	-	1 934
Environmental protection	16 733	2 356	19 089	17 834	-	(1 255)	93.4%	106.6%	-	-	-	13 434
Trading services	153 734	552	154 286	158 513	(7 189)	4 225	102.7%	103.1%	-	-	-	157 014
Energy services	105 578	119	105 697	102 735	-	(2 962)	97.2%	97.2%	-	-	-	92 115
Water management	18 004	1 705	19 710	14 514	(4 803)	4 803	124.4%	136.2%	-	-	-	18 375
Waste water management	10 888	(213)	10 675	10 841	(266)	296	102.5%	100.5%	-	-	-	10 642
Waste management	18 284	(1 000)	18 205	20 323	(2 118)	2 118	111.5%	105.6%	-	-	-	19 883
<i>Other</i>												
<b>Total Expenditure - Standard</b>	<b>256 052</b>	<b>2 449</b>	<b>258 501</b>	<b>268 059</b>	<b>(7 189)</b>	<b>(1 674)</b>	<b>96.3%</b>	<b>100.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226 460</b>
<b>Surplus/(Deficit) for the year</b>	<b>19 540</b>	<b>46 578</b>	<b>66 518</b>	<b>44 226</b>	<b>(22 202)</b>	<b>(9 884)</b>	<b>66.5%</b>	<b>226.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9 332)</b>



Note 56.3

EC102 Blue Crane Route - Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2018/19					2017/18						
	Original Budget	Budget Adjustments (L.O. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorized expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Revenue by Vote</b>												
Mayoral Executive												
Municipal Council	22 227	(3 194)	19 033	19 058	-	25	100.1%	86.7%	-	-	-	20 863
Accounting Officer	31	477	508	11	(497)	(497)	2.1%	34.4%	-	-	-	57
Budget & Treasury	19 675	217	19 891	23 838	3 947	3 947	118.9%	121.2%	-	-	-	19 843
Technical Services	217 037	47 171	264 208	238 314	(25 894)	(25 894)	90.2%	109.8%	-	-	-	164 238
Community, Safety & Social Services	16 502	4 777	21 279	19 577	(1 702)	(1 702)	92.0%	118.6%	-	-	-	20 958
Corporate Services	120	30	150	283	133	133	188.6%	236.0%	-	-	-	158
Example 8 - Vote 8												
Example 9 - Vote 9												
Example 10 - Vote 10												
Example 11 - Vote 11												
Example 12 - Vote 12												
Example 13 - Vote 13												
Example 14 - Vote 14												
Example 15 - Vote 15												
<b>Total Revenue by Vote</b>	<b>275 591</b>	<b>49 477</b>	<b>325 069</b>	<b>301 081</b>	<b>(23 988)</b>	<b>(23 988)</b>	<b>92.6%</b>	<b>109.2%</b>				<b>228 128</b>
<b>Expenditure by Vote to be appropriated</b>												
Mayoral Executive	400	7	407	360	(27)	(27)	93.2%	95.0%	-	-	-	368
Municipal Council	5 363	(119)	5 244	5 186	(58)	(58)	98.9%	96.7%	-	-	-	4 985
Accounting Officer	8 168	147	8 315	7 588	(718)	(718)	91.4%	93.0%	-	-	-	7 160
Budget & Treasury	33 219	1 803	34 822	33 417	(1 405)	(1 405)	96.0%	100.6%	-	-	-	33 073
Technical Services	163 349	2 762	166 111	165 781	(329)	(329)	99.8%	101.5%	-	-	-	145 268
Community, Safety & Social Services	37 340	(1 207)	36 133	37 686	1 553	1 553	104.3%	100.9%	-	-	-	31 731
Corporate Services	8 213	(695)	7 518	6 808	(711)	(711)	90.5%	82.9%	-	-	-	6 864
Example 8 - Vote 8												
Example 9 - Vote 9												
Example 10 - Vote 10												
Example 11 - Vote 11												
Example 12 - Vote 12												
Example 13 - Vote 13												
Example 14 - Vote 14												
Example 15 - Vote 15												
<b>Total Expenditure by Vote</b>	<b>255 052</b>	<b>2 889</b>	<b>258 951</b>	<b>256 856</b>	<b>(1 695)</b>	<b>(1 695)</b>	<b>99.3%</b>	<b>100.3%</b>				<b>228 450</b>
<b>Surplus/(Deficit) for the year</b>	<b>19 540</b>	<b>46 578</b>	<b>66 078</b>	<b>44 225</b>	<b>(22 292)</b>	<b>(22 292)</b>	<b>66.5%</b>	<b>226.3%</b>				<b>(3 322)</b>

RECEIVED  
MUNICIPALITY  
30 NOV 2019

30 NOV 2019

Note 56.4

EC-102 Blue Crane Route - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2018/19						2017/18					
	1	2	3	4	5	6	7	8	9	10	11	12
R thousand	Original Budget	Budget Adjustments (i.e. MFMA s25)	Final adjusted budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Revised Audited Outcome
<b>REVENUE BY SOURCE</b>												
Property rates	13 478	-	13 478	13 224	-	254	98.1%	98.1%	-	-	-	12 059
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	93 986
Service charges - electricity revenue	105 205	(471)	104 735	101 719	-	3 015	97.1%	96.7%	-	-	-	10 572
Service charges - water revenue	13 028	1 760	14 808	14 141	-	667	34.4%	33.1%	-	-	-	4 481
Service charges - sanitation revenue	4 817	308	5 125	5 889	-	36	140.0%	146.6%	-	-	-	5 589
Service charges - refuse revenue	5 989	1 461	7 450	7 206	-	244	-	-	-	-	-	-
Service charges - other	453	(63)	390	495	-	(105)	127.0%	108.3%	-	-	-	468
Rentals of facilities and equipment	1 000	300	1 300	2 052	-	(752)	157.9%	205.2%	-	-	-	1 140
Interest earned - external investments	3 806	-	3 806	4 482	-	(676)	118.0%	115.0%	-	-	-	3 883
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	55
Dividends received	381	30	411	125	-	285	30.6%	33.0%	-	-	-	566
Leases and permits	595	(25)	570	540	-	(30)	112.5%	107.0%	-	-	-	1 054
Agency services	800	250	1 050	1 013	-	(37)	119.2%	168.3%	-	-	-	52 388
Transfers recognised - operational	55 539	526	56 065	59 590	-	(2 468)	95.6%	98.3%	-	-	-	8 305
Other revenue	1 179	(16)	1 164	5 185	-	(4 021)	445.6%	439.6%	-	-	-	-
Gains on disposal of PPE	100	-	100	141	-	(41)	141.1%	141.1%	-	-	-	184 877
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>205 190</b>	<b>4 138</b>	<b>210 318</b>	<b>209 903</b>		<b>1 313</b>	<b>99.4%</b>	<b>101.4%</b>				
<b>EXPENDITURE BY TYPE</b>												
Employee related costs	79 527	(1 622)	78 075	77 016	(1 059)	1 059	98.6%	98.0%	-	-	-	76 170
Remuneration of councillors	4 074	(80)	3 994	3 994	(1)	1	100.0%	99.0%	-	-	-	3 870
Debt impairment	9 505	1 070	10 575	19 493	8 918	(8 918)	184.0%	204.7%	-	-	-	8 891
Depreciation & asset treatment	37 533	-	37 533	35 052	(2 481)	2 481	93.4%	92.4%	-	-	-	35 665
Finance charges	6 188	(884)	5 305	5 778	(4 468)	271	104.9%	93.3%	-	-	-	1 334
Other materials	82 728	1 722	84 450	79 992	(258)	4 458	94.7%	96.7%	-	-	-	71 879
Contracted services	3 220	459	3 679	3 420	(259)	258	93.0%	100.2%	-	-	-	2 535
Transfers and subsidies	8 318	87	8 405	8 014	(391)	391	95.4%	96.3%	-	-	-	6 888
Other expenditure	783	1 139	1 922	839	(1 082)	1 082	82.2%	107.1%	-	-	-	1 010
Loss on disposal of PPE	24 177	-	24 177	23 300	(877)	877	96.0%	98.4%	-	-	-	21 987
<b>Total Expenditure</b>	<b>296 052</b>	<b>2 499</b>	<b>298 551</b>	<b>296 858</b>	<b>(1 693)</b>	<b>1 693</b>	<b>100.3%</b>	<b>100.3%</b>				<b>229 449</b>
Surplus/(Deficit)	(49 872)	1 537	(48 335)	(47 483)	(852)	852	98.2%	98.0%	-	-	-	(34 873)
Transfers recognised - capital	69 411	45 341	114 752	92 078	-	22 674	80.2%	132.7%	-	-	-	31 551
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-	-	-
Contributed assets	19 540	48 978	68 518	44 226	-	24 292	64.5%	226.3%	-	-	-	(3 322)
Taxation	19 540	48 978	68 518	44 226	-	24 292	64.5%	226.3%	-	-	-	(3 322)
Attributable to municipalities	19 540	48 978	68 518	44 226	-	24 292	64.5%	226.3%	-	-	-	(3 322)
Share of surplus/(deficit) of associates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(19 540)</b>	<b>46 978</b>	<b>68 518</b>	<b>44 226</b>	<b>22 292</b>	<b>22 292</b>	<b>66.6%</b>	<b>226.3%</b>				<b>(3 322)</b>

Note 56.5

EC102 Blue Crane Route - Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2018/19							2017/18				Revised Audited Outcome
	Original Budget	Total Budget Adjustments (L.c. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
<b>Capital single-year expenditure</b>												
<b>Total Capital Expenditure - Vote</b>												
<b>Capital Expenditure - Standard</b>												
<b>Governance and administration</b>												
Executive and council	13 551	-	13 551	12 409	(1 142)	(1 142)	92%	92%	-	-	-	1 419
Finance and Administration	30	-	30	-	(30)	(30)	-	-	-	-	-	126
Corporate services	13 521	-	13 521	12 409	(1 112)	(1 112)	92%	92%	-	-	-	1 293
<b>Community and public safety</b>												
Community and social services	30	2 360	2 390	1 052	(1 338)	(1 338)	44%	3507%	-	-	-	1 394
Sport and recreation	30	103	133	54	(79)	(79)	41%	181%	-	-	-	159
Public safety	-	-	-	-	-	-	-	-	-	-	-	623
Housing	-	2 257	2 257	998	(1 260)	(1 260)	44%	#DIV/0!	-	-	-	612
Health	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>												
Planning and development	-	-	-	-	-	-	-	-	-	-	-	9 792
Road transport	-	-	-	-	-	-	-	-	-	-	-	9 792
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>												
Energy Sources	56 260	42 453	98 713	65 740	(32 973)	(32 973)	67%	117%	-	-	-	17 064
Water management	6 230	153	6 383	5 614	(770)	(770)	88%	90%	-	-	-	1 859
Waste water management	22 757	42 300	65 057	38 814	(26 243)	(26 243)	60%	171%	-	-	-	208
Waste management	27 273	-	27 273	21 312	(5 960)	(5 960)	78%	-	-	-	-	14 966
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	<b>69 841</b>	<b>44 813</b>	<b>114 655</b>	<b>79 201</b>	<b>(35 453)</b>	<b>(35 453)</b>	<b>69%</b>	<b>113%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 658</b>
<b>Funded by:</b>												
National Government	-	-	-	-	-	-	-	-	-	-	-	-
Provincial Government	69 411	42 300	111 711	77 628	(34 084)	(34 084)	69%	112%	-	-	-	26 411
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	2 513	2 513	1 166	(1 347)	(1 347)	-	-	-	-	-	1 419
<b>Transfers recognised - capital</b>	<b>69 411</b>	<b>44 813</b>	<b>114 225</b>	<b>78 794</b>	<b>(35 431)</b>	<b>(35 431)</b>	<b>69%</b>	<b>114%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 830</b>
<b>Public contributions &amp; donations</b>												
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	430	-	430	408	(22)	(22)	95%	95%	-	-	-	1 240
<b>Total Capital Funding</b>	<b>69 841</b>	<b>44 813</b>	<b>114 655</b>	<b>79 201</b>	<b>(35 453)</b>	<b>(35 453)</b>	<b>69%</b>	<b>113%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29 658</b>

Note 56.6

EC102 Blue Crane Route - Reconciliation of Table A7 Budgeted Cash Flows

Description	2018/19						2017/18	
	Original Budget	Budget Adjustments (i.e. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
	1	2	3	4	5	6	7	8
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>								
Receipts								
RatPAYERS and other	132 483	299	132 782	112 774	20 007	84.9%	85.1%	116 685
Other revenue	14 837	5 730	20 568	4 323	16 245	21.0%	29.1%	50 962
Government - operating	55 539	2 784	58 323	53 580	4 743	91.9%	96.5%	30 742
Government - capital	69 411	43 084	112 495	115 360	(2 865)	102.5%	186.2%	1 127
Interest	4 320	(3 019)	1 301	2 014	(713)	154.8%	46.6%	(170 704)
Payments								
Suppliers and employees	(204 921)	(15 266)	(220 177)	(176 248)	(43 929)	80.0%	86.0%	(1 057)
Finance charges	(1 317)	232	(1 085)	(738)	(347)	68.0%	56.1%	(1 010)
Transfers and Grants	(783)	(238)	(1 021)	(839)	(182)	82.2%		
<b>NET CASH FROM(USED) OPERATING ACTIVITIES</b>	<b>89 570</b>	<b>33 615</b>	<b>103 185</b>	<b>110 225</b>	<b>(7 039)</b>	<b>106.8%</b>	<b>158.4%</b>	<b>28 755</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Receipts								
Proceeds on disposal of PPE	200	-	200	416	(216)	208.2%	208.2%	134
Decrease (increase) in non-current debtors				3	(3)	-	-	3
Decrease (increase) other non-current receivables								
Decrease (increase) in non-current investments								
Payments								
Capital assets	(69 841)	(29 858)	(99 700)	(79 201)	(20 498)	79.4%	113.4%	(29 658)
<b>NET CASH FROM(USED) INVESTING ACTIVITIES</b>	<b>(69 641)</b>	<b>(29 858)</b>	<b>(99 500)</b>	<b>(78 782)</b>	<b>(20 718)</b>	<b>79.2%</b>	<b>113.1%</b>	<b>(29 321)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Receipts								
Short term loans								1 460
Borrowing long term/financing								158
Increase (decrease) in consumer deposits	240	(69)	171	95	76	55.6%		
Payments								
Repayment of borrowing	(1 500)	(3 076)	(4 576)	(5 136)	561	112.3%	342.4%	(4 559)
<b>NET CASH FROM(USED) FINANCING ACTIVITIES</b>	<b>(1 260)</b>	<b>(3 145)</b>	<b>(4 405)</b>	<b>(5 041)</b>	<b>636</b>	<b>114.4%</b>	<b>400.1%</b>	<b>(2 941)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>(1 331)</b>	<b>611</b>	<b>(719)</b>	<b>28 402</b>	<b>(27 121)</b>			<b>(5 705)</b>
Cash/cash equivalents at the year begin:	1 775	(552)	1 223	1 223	-			6 929
Cash/cash equivalents at the year end:	444	59	503	27 624	(27 121)	5489.7%	6219.7%	1 223

**ANNEXURE A- DEVIATIONS 01 JULY TO 30 SEPTEMBER 2018**

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
<b>JULY 2018</b>							
02/07/2018	SONDLO AND KNOPP ADVERTISING	CANCELLATION OF TENDER NO:T10/2018 COOKHOUSE WWTW PHASE 3	WE WOULD LIKE TO ADVERTISE ON THE DAILY DISPATCH ,TENDER NO T10/2018-UPGRADING OF COOKHOUSE WWTW WAS ADVERTISED ON THE DAILY DISPATCH AND NOW IT MUST BE CANCELLED ON THE SAME PAPER.	s36(1)(a)(v)	AO	R 3 011.85	51012
02/07/2018	SONDLO AND KNOPP ADVERTISING	T14/2018-UPGRADING OF COOKHOUSE PHASE 3	WE WOULD LIKE TO ADVERTISE ON THE HERALD. WE REQUESTED QUOTATIONS FROM HERALD AND SONDLO AND KNOPP.SONDLO AND KNOPP IS THE CHEAPEST.	s36(1)(a)(v)	AO	R 3 477.60	51013
02/07/2018	SONDLO AND KNOPP ADVERTISING	T14/2018-UPGRADING OF COOKHOUSE PHASE 3	WE WOULD LIKE TO ADVERTISE ON THE DAILY DISPATCH. WE REQUESTED QUOTATIONS FROM DAILY DISPATCH AND SONDLO AND KNOPP.SONDLO AND KNOPP IS THE CHEAPEST.	s36(1)(a)(v)	AO	R 3 477.60	51014
18/07/2018	SONDLO AND KNOPP ADVERTISING	T15/2018- PROVISION OF SECURITY SERVICES	WE WOULD LIKE TO ADVERTISE ON THE HERALD.SINCE HERALD CAN BE REACHED BY EVERYONE.QUOTATIONS WERE REQUESTED FROM SONDLO AND KNOPP.AYANDA MBANGA AND HERALD NEWSPAPER. ONLY SONDLO AND KNOPP AND HERALD RESPONDED.AYANDA MBANGA IS NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AO	R 4 250.40	51065
27/07/2018	TISO BLACK STAR GROUP PTY LTD	NEWSPAPER SUBSCRIPTION FEES 12 MONTH HERALD AND DAILY DISPATCH AND BUSINESS DAY	THE HERALD ,THE DAILY DISPATCH,THE SUNDAY TIMES AND THE BUSINESS DAY,ARE THE NEWSPAPERS THAT ARE LOCALLY DISTRIBUTED IN OUR AREA AND TISO BLACK STAR GROUP IS THE ONLY SERVICE PROVIDER PROVIDING THE MENTIONED NEWSPAPERS.	s36(1)(a)(v)	AO	R 39 789.19	51112
03/07/2018	BG SECURITY	MONITORING GUARD SERVICES AT VARIOUS BUILDINGS	MONITORING GUARD DUTIES AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AO	R 83 871.47	51015
06/07/2018	VSSC PROTECTION	SECURITY GUARD SERVICES NIGHT SHIFT WEEKDAYS AND WEEKENDS	QUOTATIONS REQUESTED FROM THREE SERVICE PROVIDERS .ONLY TWO QUOTATIONS RECEIVED .SERVICE PROVIDER SAID THEY ARE NOT INTERESTED TO QUOTE AS BCMR DON'T PAY FOR THE SERVICES RENDERED.THERE IS REGULAR BREAK IN OF MUNICIPAL PROPERTIES WHICH NEED URGENT SECURITY ATTENTION	s36(1)(a)(v)	AO	R 27 370.00	51030
06/07/2018	VSSC PROTECTION	SECURITY GUARD SERVICES NIGHT SHIFT WEEKDAYS AND WEEKENDS	QUOTATIONS REQUESTED FROM THREE SERVICE PROVIDERS .ONLY TWO QUOTATIONS RECEIVED .SERVICE PROVIDER SAID THEY ARE NOT INTERESTED TO QUOTE AS BCMR DON'T PAY FOR THE SERVICES RENDERED.THERE IS REGULAR BREAK IN OF MUNICIPAL PROPERTIES WHICH NEED URGENT SECURITY ATTENTION	s36(1)(a)(v)	AO	R 15 249.00	51031

06/07/2018	VSSC PROTECTION	SECURITY GUARD SERVICES NIGHT SHIFT WEEKDAYS AND WEEKENDS	QUOTATIONS REQUESTED FROM THREE SERVICE PROVIDERS , ONLY TWO QUOTATIONS RECEIVED SERVICE PROVIDER SAID THEY ARE NOT INTERESTED TO QUOTE AS BCMR DON'T PAY FOR THE SERVICES RENDERED.THERE IS REGULAR BREAK IN OF MUNICIPAL PROPERTIES WHICH NEED URGENT SECURITY ATTENTION	s36(1)(a)(v)	AO	R 27 370.00	51060
13/07/2018	SONDLO AND KNOPP ADVERTISING	ADVERTISEMENT OF NOTICE 37 OF DIRECTOR TECHNICAL SERVICES	WE REQUESTED QUOTATION FROM TISO BLACK STAR, SONDLO AND KNOPP AND DAILY DISPATCH.WE ONLY RECEIVED TWO QUOTATIONS , THE OTHER SUPPLIERS DOES NOT WANT TO GIVE QUOTATIONS.	s36(1)(a)(v)	AO	R 6 872.40	51045
13/07/2018	TISO BLACK STAR GROUP PTY LTD	ADVERTISEMENT OF NOTICE 37 OF DIRECTOR TECHNICAL SERVICES	WE REQUESTED QUOTATION FROM TISO BLACK STAR, SONDLO AND KNOPP AND HERALD AYANDA MBANGA IS NOT INTERESTED IN GIVING US A QUOTE FIND ATTACH DOCUMENT FROM AYANDA MBANGA.	s36(1)(a)(v)	AO	R 29 932.20	51046
13/07/2018	SONDLO AND KNOPP ADVERTISING	ADVERTISEMENT OF NOTICE 37 OF DIRECTOR TECHNICAL SERVICES	WE REQUESTED QUOTATION FROM TISO BLACK STAR, SONDLO AND KNOPP AND DAILY DISPATCH.WE ONLY RECEIVED TWO QUOTATIONS , THE OTHER SUPPLIERS DOES NOT WANT TO GIVE QUOTATIONS.	s36(1)(a)(v)	AO	R 7 783.20	51047
24/07/2018	TISO BLACK STAR GROUP PTY LTD	ADVERTISEMENT OF NOTICE 38/2018 FOR THE ERRATUM	ITS ONLY TWO SERVICE PROVIDERS WHO ARE RENDERING THIS SERVICE, THE OTHER SERVICE PROVIDER DOES NOT WANT TO GIVE US QUOTATIONS	s36(1)(a)(v)	AO	R 2 004.45	51087
24/07/2018	TISO BLACK STAR GROUP PTY LTD	ERATUM NOTICE 38/2018 ADVERTISEMENT OF THE DIRECTOR TECHNICAL	ITS ONLY TWO SERVICE PROVIDERS WHO ARE RENDERING THIS SERVICE, THE OTHER SERVICE PROVIDER DOES NOT WANT TO GIVE US QUOTATIONS	s36(1)(a)(v)	AO	R 3 447.60	51092
25/07/2018	TISO BLACK STAR GROUP PTY LTD	ADVERTISEMENT OF ERRATUM NOTICE 38/2018	ITS ONLY TWO SERVICE PROVIDERS WHO ARE RENDERING THIS SERVICE, THE OTHER SERVICE PROVIDER DOES NOT WANT TO GIVE US QUOTATIONS	s36(1)(a)(v)	AAO	R 13 303.20	51095

AUDITOR - GENERAL  
SOUTH AFRICA  
30 NOV 2018

30 NOV 2019

AUGUST 2018									
15/08/2018	TELERAY	REPAIR TO E TV TRANSMITTER GENERAL MAINTENANCE MODULATOR	TELERAY IS THE ONLY SERVICE PROVIDER THAT WORK ON TELEVISION AND DIVID DECODERS SYSTEM IN THE EASTERN CAPE	s36(1)(a)(v)	AO	R 3 955.00	51212		
15/08/2018	TELERAY	REPAIR TO ETV TRANSMITTER GENERAL MAINTENANCE MODULATOR	TELERAY IS THE ONLY SERVICE PROVIDER THAT WORK ON TELEVISION STATIONS AND VIVID DECODERS SYSTEMS IN THE EASTERN CAPE	s36(1)(a)(v)	AO	R 3 955.00	51212		
02/08/2018	SONDLO & KNOPP	NOTICE NO.41/2018-INVITATION TO SUPPLIER DAY	WE WOULD LIKE TO ADVERTISE ON THE HERALD, SINCE HERALD CANT BE REACHED BY EVERYONE, QUOTES WERE REQUESTED FROM SONDLO&KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING	s36(1)(a)(v)	AO	2270.1	51163		
03/08/2018	SONDLO & KNOPP	T17/2018-UPGRADING OF SPORTSFIELD, GLEN AVON	WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED	s36(1)(a)(v)	AO	R 3 091.20	51169		
06/08/2018	SONDLO & KNOPP	T17/2018-UPGRADING OF SPORTSFIELD, GLEN AVON	WE REQUESTED QUOTATIONS FROM SONDLO AND KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING	s36(1)(a)(v)	AO	R 2 677.20	51168		
07/08/2018	BOSBERG TRANSPORT	2 CUBIC LITRES OF SEWERAGE WASTE AT COOKHOUSE AND BESTERSHOEK	THE MUNICIPALITY IS CURRENTLY EXPERIENCING A CRISIS TOWARDS THE EMPTYING OF SEWERAGE TANKS AT ALL POINTS IN COOKHOUSE AND PEARSTON AND SOMERSET EAST. ALL THE SEWERAGE TANKS ARE OVERFLOWING AND IT IS ALSO CAUSING PRESSURE BUILD UP OF THE SEWERAGE IN THE TOILETS SITUATED IN THE HOUSES AND ALSO THE OUTSIDE DRAINS ETC. THIS IS CAUSING A HEALTH RISK AND IS REALLY A CRISIS. THE MUNICIPALITY HAD NO OTHER OPTION BUT TO ACT IMMEDIATELY TO TRY TO SOLVE THE PROBLEM AS THE SEWERAGE TANKER AND THE TRACTOR HAS BOTH BROKEN DOWN AND CURRENTLY BOTH AT THE WORKSHOP FOR REPAIRS. BOSBERG IS THE ONLY LOCAL SERVICE PROVIDER FOR THE REMOVAL OF SOLID WASTE/SEWERAGE IN OUR AREA	s36(1)(a)(v)	AO	R 34 730.00	51180		
17/08/2018	BLUE CRANE PRINTERS	ELECTRICITY PREPAID BASIC TARRIF PLACED IN LOCAL NEWSPAPER	THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER IN THE BCRM AREA	s36(1)(a)(v)	AO	R 6 536.60	51232		
22/08/2018	SONDLO AND KNOPP ADVERTISING	T18/2018 SUPPLY AND DELIVERY OF FIRE SATELITE CONTAINERS	WE WOULD LIKE TO ADVERTISE ON THE HERALD, SINCE HERALD CANT BE REACHED BY EVERYONE, QUOTES WERE REQUESTED FROM SONDLO AND KNOPP, HERALD NEWSPAPER, OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING .SEE ATTACHED EMAIL	s36(1)(a)(v)	AO	R 2 704.80	51250		
28/08/2018	DE KLERK BODY REPAIRS SOMERSET EAST	EXCESS ON CLAIM NO 821296/132633	INSURANCE CLAIM WITH AON SOUTH AFRICA 9ptyoL TD:CLCLL132633(I)SUZU BAKKIEHP843EC). INSURANCE CLAIM BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIR. DE KLERK BODY REPAIR IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY REPAIR SERVICE PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 3 000.00	51279		

30 NOV 2019

02/08/2018	SONDLO AND KNOPP ADVERTISING	NOTICE NO.41/2018 INVITATION TO A SUPPLIER DAY	WE WOULD LIKE TO ADVERTISE ON THE HERALD SINCE IT CAN BE REACHED BY EVERYONE. QUOTES WERE REQUESTED FROM SONDLO & KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)		R 2 270.10	51163
06/08/2018	SONDLO AND KNOPP ADVERTISING	T17/2018- UPGRADING OF SPORTSFIELD GLEN AVON	QUOTES WERE REQUESTED FROM SONDLO & KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)		R 2 677.20	51168
06/08/2018	SONDLO AND KNOPP ADVERTISING	T17/2018- UPGRADING OF SPORTSFIELD GLEN AVON	QUOTES WERE REQUESTED FROM SONDLO & KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AAO	R 3 091.20	51169
07/08/2018	BOSBERG TRANSPORT	2CUBIC LITRES OF SEWERAGE WASTE AT COOKHOUSE AND BESTERSHOEK	THE MUNICIPALITY IS CURRENTLY EXPERIENCING A CRISIS TOWARDS THE EMPTYING OF SEWERAGE TANKS AT ALL THE POINTS IN COOKHOUSE ,PERTON AND SOMERSET EAST. ALL THE SEWERAGE TANKS ARE OVERFLOWING AND IT IS ALSO CAUSING PRESSURE BUILD UP OF THE SEWERAGE IN THE TOILETS SITUATED IN THE HOUSES AND ALSO THE OUTSIDE DRAINS. THIS CAUSING HEALTH RISK AND IS REALLY A CRISIS. THE SERVICE PROVIDER IS THE ONLY LOCAL NEWSPAPER SUPPLIER IN BCRM AREA.	s36(1)(a)(v)	AO	R 34 730.00	51180
17/08/2018	BLUE CRANE PRINTERS	ELECTRICITY PREPAID BASIC. TARIFF PLACED IN LOCAL NEWSPAPER	WE WOULD LIKE TO ADVERTISE ON THE HERALD SINCE IT CAN BE REACHED BY EVERYONE. QUOTES WERE REQUESTED FROM SONDLO & KNOPP AND HERALD. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING.	s36(1)(a)(v)	AO	R 6 536.60	51232
22/08/2018	SONDLO AND KNOPP ADVERTISING	T18/2018 SUPPLY AND DELIVERY OF FIRE SATELLITE CONTAINERS	INSURANCE CLAIM WITH AON SOUTH AFRICA .INSURANCE CLAIM APPROVED BASED ON THE QUOTATION PROVIDED BY DE KLERK BODY REPAIRS. DE KLERK BODY REPAIRS IS THE ONLY AVAILABLE REGISTERED VEHICLE BODY SERVICES PROVIDER WITHIN BCRM.	s36(1)(a)(v)	AO	R 2 704.80	51250
22/08/2018	DE KLERKS BODY REPAIRS	EXCESS ON CLAIM NO.82129	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER. CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS: G SAMMY, P JANUARY, N NGCIPE, SDF, MWR, L MANGALI. THIS ISA PART PAYMENT ON THE ABOVE MENTIONED ONGOING CASES.	s36(1)(a)(v)	AO	R 3 000.00	51279
07/08/2018	CHRIS BAKER & ASS	LEGAL COST IN RE INVOICE C16396, C16397, C16398, C16399, C16400, C16401		s36(1)(a)(v)	AO	R 32 783.76	51171



28/08/2018	SMITH TABATA INCORPORATED	LEGAL COSTS IN RE INVOICE 273423 INVOICE 273424	<p>THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM COMMENCEMENT OF THE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER. SMITH TABATA ARE CURRENTLY HANDLING ALL FOLLOWING ONGOING LEGAL MATTERS: RM BROWN</p>	s36(1)(a)(v)	AO	R 20 161,80	51271
29/08/2018	SABC	BUSINESS TV LICENCE (SET-15/2018/09/01 TO (SETS-15/2019/008/31	<p>SABC TV LICENCE IS THE ONLY SUPPLIER OF THE TV LICENCE SERVICES AND IT IS IMPRACTICAL TO OBTAIN OTHER QUOTES. THE LICENCE IS PAYABLE AT THE POST OFFICE BEFORE 31ST AUGUST 2018 IN ORDER TO AVOID PENALTIES AS PER COMMUNICATION AND TAX INVOICE ATTACHED</p>	s36(1)(a)(v)	AO	R 4 505,00	51293
07/08/2018	CHRIS BAKER ASSOCIATES INC	LEGAL FEES INVOICE C16369, C16397, C16398, C16399, C16400 AND C16401	<p>THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER. CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS: G SAMMY, P. JANUARY, N NGCIPE, SDF MWR AND L MANGALI</p>	s36(1)(a)(v)	AO	R 32 783,76	51171
28/08/2018	SMITH TABATA INCORPORATED	LEGAL COST IN RE INVOICE 2734423 AND 273424	<p>THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF SMITH TABATA. THEY ARE HANDLING ALL THE FOLLOWING ONGOING LEGAL MATTERS: RM BROWN AND DDP VALUERS. THIS IS A PART ON THE ABOVE MENTIONED ONGOING COURT CASES.</p>	s36(1)(a)(v)	AO	R 20 161,80	51278
29/08/2018	SABC	BUSINESS TV LICENCE (31/08/2018) TO (01/09/2018)	<p>SABC TV LICENCE IS THE ONLY SUPPLIER OF THE TV LICENCE SERVICES. THE LICENCE IS PAYABLE AT THE POST OFFICE BEFORE 31/08/2018 IN ORDER TO AVOID PENALTIES AS PER COMMUNICATION AND TAX INVOICE ATTACHED.</p>	s36(1)(a)(v)	AO	R 4 505,00	51293

APPLICABLE  
30 NOV 2019

RECEIVED  
 30 NOV 2019

SEPTEMBER 2018								
03/09/2018	WP MASHISHINI PTY LTD	100KVA TRANSFORMER 22000V/400V INLAND SPEC	THE FARM RIVERSIDE LOST A TRANSFORMER ON 10/08/2017 AND THE DAILY WORK CANNOT CONTINUE BECAUSE OF THE FAULTY TRANSFORMER THAT IS USED TO PUMP WATER FOR LIVESTOCK AND IRRIGATION.	s36(1)(a)(v)	AO	R 51 635.00	51335	
12/09/2018	BG SECURITY	TELKOM AND LABOUR	THIS IS AN AFTERHOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 4 025.00	51418	
12/09/2018	BG SECURITY	TELKOM AND LABOUR	THIS IS AN AFTERHOURS SERVICE WHERE BG SECURITY IS HANDLING ALL CALLS RELATED TO ELECTRICAL PROBLEMS AFTER HOURS. THEY ARE THE ONLY PROVIDER IN OUR AREA WHO IS WILLING TO DO THE SERVICE.	s36(1)(a)(v)	AO	R 4 025.00	51419	
21/09/2018	WP MASHISHINI PTY LTD	100KVA TRANSFORMER 22000V/400V INLAND SPEC	LEEWAY AND RINI FARMS LOST TRANSFORMERS DUE TO HEAVY THUNDERSTORMS ON 02 SEPTEMBER 2018. THESE TRANSFORMERS NEED TO BE REPLACED AS A MATTER OF URGENCY. WE REQUESTED QUOTATIONS FROM WALTONS VALMAC LITHOTECH PRINT DIRECT, PAX STATIONERS. ONLY LITHOTECH, PRINT DIRECT AND PAX STATIONERS QUOTED OTHER SERVICE PROVIDERS ONLY DO THE BLANK AND EYELINED CONTINUOUS PAPER. THE CHEAPEST IS PRINT DIRECT BUT THEY ARE NOT REGISTERED ON CSD THAT IS WHY WE USE THE SECOND CHEAPEST. QUOTES WERE REQUESTED FROM SONDLO AND KNOPP, HERALD AND AYANGA MBANGA COMMUNICATIONS. OTHER ADVERTISING AGENCIES ARE NOT INTERESTED IN QUOTING. ONLY AYANGA MBANGA QUOTED.	s36(1)(a)(v)	AO	R 103 270.00	51482	
17/09/2018	LITHOTECH	20 BOXES ACCOUNT FORMS		s36(1)(a)(v)	AO	R 14 536.00	51428	
21/09/2018	AYANGA MBANGA COMMUNICATIONS	T24/2018 UPGRADING OF AN EXISTING MAIN INTAKE SUBSTATION		s36(1)(a)(v)	AAO	R 2 958.90	51479	
27/09/2018	CASH IN TRANSIT AND GUARD DUTIES	B G SECURITY	BG SECURITY IS THE ONLY SERVICE PROVIDER FOR CASH IN TRANSIT SERVICES IN THE BLUE CRANE ROUTE MUNICIPALITY AREA. THE BCM IS IN A PROCESS OF GOING ON THE TENDER FOR THE CIT SERVICES.	s36(1)(a)(v)	AO	R 11 034.92	51501	
04/09/2018	BG SECURITY	MONITORING GUARD SERVICES AT VARIOUS BUILDINGS	MONITORING GUARD DUTIES AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AO	R 65 226.72	51350	
04/09/2018	MANDY MILLER ATTORNEYS INCORP	REZONING OF ERF 3901 TO INSTITUTIONAL 111. SOMERSET EAST TRANSFER OF ERF 3901 FROM ASSEMBLIES OF GOD MOVEMENT	THE SERVICE PROVIDER WAS RECOMMENDED BY DEPT OF HUMAN SETTLEMENTS.	s36(1)(a)(v)	AO	R 18 875.00	51348	
04/09/2018	MANDY MILLER ATTORNEYS INCORP	REZONING OF ERF 3900 TO INSTITUTIONAL 111. SOMERSET EAST TRANSFER OF ERF 3901 FROM ASSEMBLIES OF GOD MOVEMENT	THE SERVICE PROVIDER WAS RECOMMENDED BY DEPT OF HUMAN SETTLEMENTS.	s36(1)(a)(v)	AO	R 18 875.00	51347	

04/09/2018	BG SECURITY	SECURITY GUARD SERVICES NIGHT SHIFT WEEKDAYS AND WEEKENDS AT VARIOUS BUILDINGS	MONITORING GUARD DUTIES AND WORK THAT HAD TO BE DONE ON EQUIPMENT/INFRASTRUCTURE THAT IS ALREADY IN PLACE AND WERE PUT IN PLACE BY BG SECURITY.	s36(1)(a)(v)	AO	R 66 588.55	51351
04/09/2018	MANDY MILLER ATTORNEYS INCORP	REZONING OF ERF 3908 TO INSTITUTIONAL 111. SOMERSET EAST TRANSFER OF ERF 3908 FROM ASSEMBLIES OF GOD MOVEMENT	THE SERVICE PROVIDER WAS RECOMMENDED BY DEPT OF HUMAN SETTLEMENTS.	s36(1)(a)(v)	AO	R 18 875.00	51346
04/09/2018	CHRIS BAKER ASSOCIATES INC	LEGAL COSTS IN RE INVOICE C16416-C16418	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER. CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS: G SAMMY, P JANUARY AND SDF.	s36(1)(a)(v)	AO	R 10 149.76	51349
21/09/2018	GLOBAL BUSINESS SOLUTIONS	AS PER ACKNOWLEDGEMENT OF DEPT ATTACHED JULY	AS PER EXTRACT FROM COUNCIL RESOLUTION OF A SPECIAL COUNCIL MEETING HELD ON 21 JUNE 2018 ATTACHED HERETO TOGETHER WITH A COPY OF THE ACKNOWLEDGEMENT OF DEBT, AS FOLLOWS JULY 2018 INSTALMENT R28 393.33 AND AUGUST 2018.	s36(1)(a)(v)	AO	R 56 666.68	51476
26/09/2018	SMITH TABATA INCORPORATED	LEGAL COSTS IN RE INVOICE 275427 AND 275428	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE. THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY, FROM THE COMMENCEMENT OF THESE LEGAL MATTERS. IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER. CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS: SANTAM LTD AND SAPE INVESTIGATION.	s36(1)(a)(v)	AO	R 3 890.83	51492
27/09/2018	VSSC PROTECTION	SECURITY GUARD SERVICES NIGHT SHIFT WEEKDAYS AND WEEKENDS AT KWANOJOLI OFFICES	ASKED FOR 3 QUOTES ONLY 2 RECEIVED THE THIRD SERVICE PROVIDER NOT INTERESTED IN QUOTING STATING NON PAYMENT BY THE MUNICIPALITY	s36(1)(a)(v)	AO	R 14 099.00	51496



27/09/2018	CHRIS BAKER ASSOCIATES INC	LEGAL FEES INVOICE CB11016,C16442,C16417 AND C1644	THERE IS NO CONTRACT FOR THE UNDERMENTIONED SERVICE PROVIDER IN PLACE.THE SERVICE PROVIDER IS HANDLING ALL OF THE UNDERMENTIONED COURT CASES ON BEHALF OF THE MUNICIPALITY.FROM THE COMMENCEMENT OF THESE LEGAL MATTERS,IT IS THEREFORE IMPRACTICAL NOT TO CARRY ON MAKING USE OF THIS SERVICE PROVIDER.CHRIS BAKER AND ASSOCIATES ARE CURRENTLY HANDLING THE FOLLOWING ONGOING LEGAL MATTERS:SANTAM LTD AND SAPE INVESTIGATION.	s36(1)(a)(v)	AO	R 35 334.07	51497
28/09/2018	PRINTEGRATI ON	CALL OUT LABOUR	PRINTEGRATION IS THE ONLY SERVICE THAT SERVICES THE TALLY 6311 PRINTERS.	s36(1)(a)(v)	AO	R 6 118.00	51513
	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order

1/11/2018 - 30/11/2018  
 30 NOV 2018

30 NOV 2018

OCTOBER 2018									
03/10/2018	BG SECURITY	CIT for Cookhouse & Somerset East, Alarm Monitoring, Guard Duties & Other service	Only CIT provider in town, Alarm already put up by the service provider, Guarding services need. Tender process for all the security needs of the municipality in process	s36(1)(a)(v)	AO	R 55 174.05	51548		
03/10/2018	BOSBERG TRANSPORT TRUVELLO MANUFACTURER	Flushable Toilet with hand wash basin	546 Cotani Street is part of the rectification project, the house was demolished and a toilet is needed.	s36(1)(a)(v)	AO	R 17 250.00	51539		
09/10/2018	VSSC PROTECTION	Calibrating Profaser or Truvelo Lidar	The machines were manufacture and bought from this SP and thus they service it.	s36(1)(a)(v)	AO	R 4 350.00	51572		
08/10/2018	VSSC PROTECTION	Security Guards night shift and weekend	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 27 370.00	51561		
08/10/2018	VSSC PROTECTION	Down payment for debt incurred. Debt for National Diploma Programme for N Msezani, T Memese, Y Twenty & S Kambi.	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 27 370.00	51562		
09/10/2018	GLOBAL BUSINESS SOLUTIONS	Security Guards night shift and weekend	Training authorised and received without following proper SCM processes. Council Resolution attached with acknowledgement of debt by the department.	s36(1)(a)(v)	AO	R 28 333.33	51575		
22/10/2018	VSSC PROTECTION	Security Guards night shift and weekend	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 27 370.00	51614		
22/10/2018	VSSC PROTECTION	Security Guards night shift and weekend	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 27 370.00	51613		
30/10/2018	FREMA CONSULTANTS	Security Guards night shift and weekend	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 7 933.28	51643		
30/10/2018	VSSC PROTECTION	Security Guards night shift and weekend	Municipal being targeted for breakins and without guards the property is exposed to vandalism and theft. 3 quotes were requested from BG, FREMA & VSSC but BG did not quote saying that the municipality is not paying them.	s36(1)(a)(v)	AO	R 14 099.00	51646		
31/10/2018	GLOBAL BUSINESS SOLUTIONS	Down payment for debt incurred. Debt for National Diploma Programme for N Msezani, T Memese, Y Twenty & S Kambi.	Training authorised and received without following proper SCM processes. Council Resolution attached with acknowledgement of debt by the department.	s36(1)(a)(v)	AO	R 85 000.01	51661		
31/10/2018	CHRIS BAKER AND ASSOCIATES	Legal Costs - October 2018 invoice #	There is no contract for the undermentioned SP. The SP is handling all the undermentioned cases on behalf of the municipality from commencement. Ongoing legal matters N Nciple, PMU Manager and SDF	s36(1)(a)(v)	AO	R 10 822.63	51662		
NOVEMBER 2018									
16/11/2018	UD TRUCKS	R&R Rear Crank Seal	The service of the truck can only be done at UD Truck (accredited dealer/service agent) and this is the closest to our area.	s36(1)(a)(v)	AO	R 6 672.88	51776		

16/11/2018	SPRINGWELL (PTY) LTD	Coupler Global 1.8T	Quotations could only be sourced from two service providers, one in Somerset East and the other quoted on description. The other service providers contacted needed to see the trailer but it's impractical to tow the trailer as the part needed enables the towing.	s36(1)(a)(v)	AO	R 3 179.80	51774
29/11/2018	ASD INTERNATIONAL	Repairs to burst pipe at Nojoli Reservoir	Workers were on strike during this period and the municipality had no option but to request assistance of a service provider as the community did not have water - a basic need.	s36(1)(a)(v)	AAO	R 8 676.75	57878
05/11/2018	SWAN CRAFT PANELBEATE RS	Excess on claim	Insurance claim with our insurer AON SA (PTY) LTD - closest accredited repairer to our area (Graaff Reinet). Vehicle still within warranty.	s36(1)(a)(v)	AO	R 3 000.00	51673
14/11/2018	BLUECRANE PRINTERS	Notice 55/2018 on the Haartland 08/11/2018	Only local Newspaper for placement of Notices as legislative requirements.	s36(1)(a)(v)	AO	R 2 535.75	51737
14/11/2018	DE KLERKS BODY REPAIRS	Excess on claim 821638: HRD024EC	De Klerks, only approved repairer in town by the insurer. Impractical and / not cost effective to take the vehicle outside town when there is an approved one in town.	s36(1)(a)(v)	AO	R 3 000.00	51750
13/11/2018	BG SECURITY	CIT for Cookhouse & Somerset East, Alarm Monitoring, Guard Duties & Other service	Only CIT provider in town, Alarm already put up by the service provider, Guarding services need. Tender process for all the security needs of the municipality in process.	s36(1)(a)(v)	AO	R 87 045.04	51733
27/11/2018	VSSC PROTECTION FREMA CONSULTANT	Security Guards night shift and weekend	3 quotes requested from BG, FREMA & VSSC. BG won't quote for Pearston.	s36(1)(a)(v)	AO	R 27 370.00	51853
27/11/2018	BG SECURITY	Security Guards night shift and weekend, Tourism Hub CIT for Cookhouse & Somerset East, Alarm Monitoring, Guard Duties & Other service	The property was broken into regularly and security was needed urgently to prevent further breakins.	s36(1)(a)(v)	AO	R 18 213.53	51855
27/11/2018	BG SECURITY		Only CIT provider in town, Alarm already put up by the service provider, Guarding services need. Tender process for all the security needs of the municipality in process.	s36(1)(a)(v)	AO	R 65 569.60	51852

ALBTON - GENERAL  
SOUTH AFRICA  
30 NOV 2019

31 NOV 2019

DECEMBER 2018									
Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order		
05/12/2018	CLASSEN CRANE AND MACHINERY	REPAIRS TO HIGH MAST LIGHTS	Only one quote was received after advertising a Formal Written Quotation for 7 days		CFO	R 49 257.95			
03/12/2018	BG SECURITY	ALARM, CIT SERVICES COOKHOUSE AND S/E AFTERHOURS SERVICES, GUARDING SERVICES (AIRFIELD, DEPOT, BESTERSHOEK) FOR NOVEMBER 2018	Only CIT provider in town, Alarm already put up by the service provider, Guarding services need. Tender process for all the security needs of the municipality in process	s36(1)(a)(v)	AO	R 91 723.52			51893
05/12/2018	CHRIS BAKER AND ASSOCIATES	LEGAL COSTS FOR OCT 2018 STRIKE, GENERAL MATTERS, RETIREMENT FUND & G SAMMY	There is no contract for the undermentioned SP. The SP is handling all the undermentioned cases on behalf of the municipality from commencement. Ongoing & new legal matters	s36(1)(a)(v)	AO	R 47 747.65			51923
05/12/2018	CHRIS BAKER AND ASSOCIATES	LEGAL COSTS FOR POTENTIAL DISCIPLINARY CASE	There is no contract for the undermentioned SP. The SP is handling all the undermentioned cases on behalf of the municipality from commencement. Ongoing & new legal matters	s36(1)(a)(v)	AAO				
05/12/2018	BG SECURITY	ALARM, CIT SERVICES COOKHOUSE AND S/E, AFTERHOURS SERVICES, GUARDING SERVICES (AIRFIELD, DEPOT, BESTERSHOEK) FOR DECEMBER 2018	Only CIT provider in town, Alarm already put up by the service provider, Guarding services need. Tender process for all the security needs of the municipality in process	s36(1)(a)(v)	AAO	R 86 289.88			51924
18/12/2018		Description of Goods / Services	Reason for Deviation			R 112 638.89			51997
JANUARY 2019									
23/01/2019	YELLOW THUNDER PRO 40	Installation of additional Electrical lines from Distribution Board and plugs at the Council Chambers	The service provider was appointed to install two air conditioners in the Council Chambers. When testing the air cons tripping of plugs in whole Town Hall was encountered; thus the two air cons had to be connected in a separate line /circuit in the distribution board to ensure that the electricity does not trip and additional wall plugs were put in for the air cons.	s36(1)(a)(v)	AAO	R 6 692.18			52099
24/01/2019	SWAN CRAFT PANELBEATERS	Excess payment on CLAIM:819214	Payment of the excess to the appointed accredited repairer of the vehicle- Insurance claim with AON SA our insurer	s36(1)(a)(v)	AAO	R 3 000.00			52101
FEBRUARY 2019									
	BLUE CRANE PRINTERS	Notice for Inspection of General Valuation Roll	The Hartland newspaper is the only local publication	s36(1)(a)(v)	AAO	R 2 328.75			52274
MARCH 2019									
13/03/2019	TRANSGEAR BUSINESS TRUST	Repairs to ZF.ASTAS gearbox of the Sanitation Truck	The Sanitation Truck became faulty and the challenge was found to be in the Gearbox. It was impractical to advertise for seven days as the truck is used for Night Soil removal so the repairs were an Emergency and thus 3 quotations were sourced	s36(1)(a)(v)	AAO	R 40 788.20			52364
18/03/2019	NORTHFIELD ENGINEERING	Supply, Installation of a 350KVA Generator (Hired)	Water distribution crisis experienced in the Somerset East town during the ESKOM Loadshedding period. the challenges were water pipeline breakages, water flow from dams to water plant (ward not having sufficient time to get the levels sufficient at the Reservoirs to enable distribution to the community due to the Loadshedding timeframes.	s36(1)(a)(v)	AAO	R 67 347.00			52367
20/03/2019	CHRIS BAKWER AND ASSOCIATES	Legal Services for: Potential Discipline, October 2018 Strike Action, Retirement Fund, General Matters.	Unforeseen expenditure due to unplanned strike, potential discipline-MM and urgent Retirement Fund matters.	s36(1)(a)(v)	AAO	R 60 740.72			52405

Date	Company Name	Description of Goods / Services	Reason for Deviation	SCM Reg#	Authorised By	Value	Order
13/03/2019	BKB LIMITED	5000 LT Horizontal Water Tank	A water shortage crisis was experienced where the community did not have access to water. The Emergency purchase had to be made and thus the municipality could not advertise.	s36(1)(a)(v)	AAO	R 46 046.98	52359
13/03/2019	BKB LIMITED	5000 LT Vertical Water Tank	A water shortage crisis was experienced where the community did not have access to water. The lowest quote did not have enough tanks on stock so the second quote had to be used as there was an Emergency and the purchase had to be made. The municipality could not wait for the stock to be ordered by the service provider.	s36(1)(a)(v)	AAO	R 19 048.55	52361
<b>APRIL 2019</b>							
03/04/2019	BLUE CRANE PRINTERS	Notice 10/2019 for Extension of GV, Notice 18/2019 for Draft IDP/BUDGET 2019/2020 placement on newspaper - local	Only newspaper circulating in the area	s36(1)(a)(v)		R 2 639.25	52495
03/04/2019	TISO BLACKSTAR GROUP PTY LTD	Notice 18/2019-Draft 2019/2020 IDP & Budget	The Herald is the newspaper circulating in the region	s36(1)(a)(v)		R 9 004.00	52496
10/04/2019	TRUVELLO MANUFACTURING	Calibration Prolaser or Truvello Lidar & Admin Fee	Sole Provider for the service	s36(1)(a)(v)	AAO	R 4 785.00	52539
24/04/2019	UNITRANS AUTOMOTIVE PTY LTD	Alcoa Toyota is the manufacturer of Hino Trucks and they are the ones servicing them.	Alcoa Toyota is the manufacturer of Hino Trucks and they are the ones servicing them. Impractical to source other	s36(1)(a)(v)	AAO	R 18 028.48	52608*

AUTHORISED  
 22/04/2019  
 30 NOV 2019



MAY 2019									
02/05/2019	J PHILLIPS PLANT REPAIRS	Fuel Priming Pump, Fuel Water trap filter, engine oil filter plug, engine oil level dipstick, Radiator Cap, Outer Air Filter Element, Air Cleaner Cover Bolt & Nuts, Air Cleaner Cover	BCRM BULLDOZER stays in the dumping site. During repairs that were contracted to the service provider, the sp had to be fitted so that the Bulldozer can go back to the dumping site urgently. The service provider knew what was missing as they were the ones already working on the plant and thus it made business sense to buy the parts from them.	s36(1)(a)(v)	AAO	R 6 046.76	52672		
06/05/2019	WPH MASHISHINI PTY LTD	Supply of Transformers	3 Transformers lost during a thunderstorm and 3 farms were left without electricity thus irrigation, milling and farming activities are not happening.	s36(1)(a)(v)	AAO	R 134 320.00	52683		
02/05/2019	UNITRANS AUTOMOTIVE PTY LTD	Defects on Fire Medium Pumper that were picked up during service of the vehicle.	Defects on Fire Medium Pumper that were picked up during service of the vehicle and thus it was impractical to move the vehicle trying to source quotations.	s36(1)(a)(v)	AAO	R 58 390.00	52676		
10/05/2019	BELL EQUIPMENT SALES SOUTH AFRICA	Radiator T3, Tensioner, Pulley Fan & Shroud	Parts of the TLB, the TLB is a BELL product. Only one quote was received as the parts have to BELL parts.	s36(1)(a)(v)	AAO	R 26 615.03	52704		
JUNE 2019									
20/06/2019	SERVELEC PTY LTD	Assessment of a pump in Mayyila Pumpstation	th MCC at Mayyila pumpstation was refurbished by SERVELEC through T25/2018; on commissioning it was discovered that the two motors cannot handle the sludge as they become hot and trip. An assessment & advice is required as to the size of motors required and also certain changes to the new MCC to accommodate the bigger pumps.	s36(1)(a)(v)	AAO	R 10 671.80	52986		
24/06/2019	POWER MEASUREME NT & DISTRIBUTION	Elster Elec A1140DC 3 Phase	Purchase of correct energy metres which can measure import and export of energy. Two companies responded from the attempts by the use department to get them registered onto the municipality's database. The two companies specialise in energy metre programming.	s36(1)(a)(v)	AAO	R 27 288.80	52984		
21/06/2019	THANDISIZWE AND THEMBA CONSTRUCTI ON	Guarding Services KwaNoboli Offices - night shift weekdays and day and night shift on weekends and public holidays - May 2019	The User Dept did not submit a Demand Form to SCM for sourcing of quotations for May 2019 Guarding Services because there was no budget available. Since TTW Security and BG Security provided the service in April 2019 they were reawasted by the User Department to continue in May 2019 to prevent breakins in the various properties.	s36(1)(a)(v)	AAO	R 13 720.00	52981		
21/06/2019	THANDISIZWE AND THEMBA CONSTRUCTI ON	Guarding Services Pearston Town Hall - night shift weekdays and day and night shift on weekends and public holidays - May 2019	The User Dept did not submit a Demand Form to SCM for sourcing of quotations for May 2019 Guarding Services because there was no budget available. Since TTW Security and BG Security provided the service in April 2019 they were reawasted by the User Department to continue in May 2019 to prevent breakins in the various properties.	s36(1)(a)(v)	AAO	R 26 500.00	52982		

21/06/2019	THANDISIZWE AND THEMBA CONSTRUCTION	Guarding Services Cookhouse Town Hall - night shift weekdays and day and night shift on weekends and public holidays - May 2019	s36(1)(a)(v)	AAO	R 26 500.00	52983
<b>ADDITIONAL AS PER AG FINDINGS - COAF 15:</b>						
	AURECON	Provision of Professional Engineering Services for BCRM Water Conservation and Demand Management	<p>The User Dept did not submit a Demand Form to SCM for sourcing of quotations for May 2019 Guarding Services because there was no budget available. Since TTW Security and BG Security provided the service in April 2019 they were rewested by the User Department to continue in May 2019 to prevent breakdowns in the various properties.</p> <p>1) On the 4<sup>th</sup> of July 2018, the SBDM declared the SBDM as a local state of Disaster in respect of drought and water shortages. This was done in terms of the Disaster Management Act no 57 of 2002.</p> <p>2) There was a Declaration of a Local disaster on 23 July 2018 and published in the Government gazette.</p> <p>3) Therefore the following becomes applicable:                      A) Section 55 (2)(L) of Disaster Management Act states that Emergency Procurement can be utilised as soon as a Local Disaster has been declared                      B) The Supply Chain Policy makes provision for Emergency Procurement in an emergency - Clause 36(1)(e)(1).</p> <p>4) Based on this declaration, SDBM assisted all B municipalities within this municipal area to submit business plans to secure grant funding based on studies conducted by Aurecon (Appointment done by SBDM).</p> <p>5) R 42 M Drought relief grant funding was confirmed via Dora on 4 October 2018.</p> <p>6) Based on initial guidelines, these funds needed to be spent by end of March 2019.</p> <p>7) These guidelines were later relaxed up until 30 June 2019.</p> <p>8) All B- Municipalities needed to appoint consultants and</p>		R 4 587 119.60	<p>Cheque No's:                      100023215 -                      R235,136.32                      100023216 -                      R182,418.82                      100023346 -                      R434,680.74                      100023402 -                      R473,858.53                      100023403 -                      R83,978.39                      100023490 -                      R570,127.39                      100023576 -                      R717,636.37                      100023659 -                      R721,719.70                      100023667 -                      R1,167,563.34</p>
	BOSCH MUNITECH	Contractor for BCRM Water Conservation and Demand Management - Infrastructure update of Water meters and Network	Same as mentioned under Aurecon Reason for Deviation		R 37 515 754.73	<p>Cheque / Journal No's:                      100023217 -                      R5,762,173.48                      100023291 -                      R1,420,222.20                      100023410 -                      R4,814,924.06                      100023345                      (C4421) -                      R1,534,592.17                      100023482 -                      R8,262,454.55                      100023578 -                      R6,755,217.58                      100023649 -                      R8,318,805.07                      Z713 -                      R2,543,705                      Z733 -                      R108,660.21                      Cheque No.:                      10023294</p>
	LRC CIVILS	Provision of Services - Sewerage Blockages: Mmandi	Sewer Blockages and Overflows in Mmandi		R 803 274.54	
				<b>TOTAL</b>	<b>R 45 471 208.00</b>	