Bojanala Platinum District Municipality
Annual Financial Statements
for the year ended 30 June 2018
Auditor General of South Africa

General Information

Legal form of entity	District Municipality
Nature of business and principal activities	Provide democratic and accountable government for local authorities
Mayoral committee	
Executive Mayor	Cllr MF Mokati :Executive Mayor
Councillors	Cllr MA Molekwa : Speaker
	Cllr S Klaas : Chief Whip
	Cllr S Davids : MPAC Chair
	Cllr TL Madiba : MMC Technical Support
	Cllr RB Mantsho : MMC Budget and treasury
	Cllr NE Ngwenya : MMC Special projects
	Cllr VO Moche : MMC Arts and Culture
	Cllr VK Maluleka : MMC Health and Environment
	Cllr DR Tlabyane : MMC Rural and Agricultural Development
	Cllr NR Rakolle : MMC IDP, PMS , Monitoring and evaluation
	Cllr PM Papa : MMC Corporate support
	Cllr JJ Kgarimetsa :MMC Community development services
	Cllr LL Moate : MMC Local Economic development
	CLLR K Kgaswe
	CLLR WM Lefyine
	CLLR MD Kodisang
	CLLR MR Seema
	CLLR NP Bogatsu
	CLLR G Makhanya
	CLLRL Mabula
	CLLR MD Malane
	CLLR MM Modise
	CLLR DM Rakgatlha
	CLLR GT Mogale
	CLLR LA Ratlou
	CLLR PR Zwede
	CLLR PE Hendricks
	CLLR DMN Ngadi
	CLLR TS Bogale
	CLLR MI Makgale
	CLLR J MS Mosito
	CLLR HT Phalwane
	CLLR Van Der Schyff E
	CLLR MM Sekgothe
	CLLR MW Motlhasedi
	CLLR KS Komape
	CLLR JT Moabi
	CLLR OD Marapyane
	CLLR MZ Banda
	CLLR EE Tanke
	CLLR K Seanego
	CLLR N Mollo
	CLLR MN Nkotswe
	CLLR E Matshereng
	CLLR MZ Motsoenyane

General Information

	CLLR BW Baloyi CLLR LM Letebele CLLR CM Shai CLLR TG Naledi CLLR JC Van Rhyn CLLR J M Radiokana CLLR J Makhubela CLLR RS Magalefa CLLR BJ Mpolokeng CLLR AD Malla CLLR J Motshwane CLLR MR Rantho CLLR M Coetzee CLLR I Edwards CLLR NV Mqanqeni CLLR JL Sephai CLLR EN Mjekula CLLR LP Mokwele CLLR FL Setshoane CLLR ABP Mnisi CLLR PA Tlhapi CLLR AS Habi CLLR RP Molatlhegi CLLR CN Mmolotsi
Grading of local authority	GRADE 5
Chief Finance Officer (CFO)	L.O Ndlovu
Accounting Officer	Mr PP Shikwane
Business address	Cnr Beyers Naude and Fatima Bhayat Drive Rustenburg 0300
Postal address	P O Box 1993 Rustenburg 0300
Bankers	ABSA Bank Limited
Auditors	Auditor General of South Africa
Legislation governing the entity's operation	MFMA

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
CIGFARO	Chartered Institute of Governace Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

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

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

The annual financial statements set out on pages 6 to 56, which have been prepared on the going concern basis, were approved by the on 31 August 2018 and were signed on its behalf by:

Mr PP Shikwane
Municipal Manager

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The municipality is engaged in provide democratic and accountable government for local authorities and operates principally in South Africa and [state other countries].

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

2. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R (36,097,733) and that the municipality's total liabilities exceed its assets by R (27,133,040).

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.The entity will continue to receive funding fromgovernment as evident from the equitable share allocation in terms of the division of Revenue Act. .

3. Subsequent events

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

4. Accounting policies

The annual financial statements prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board, and in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

5. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. The discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

The salient features of the municipality's adoption of the Code is outlined below:

Accounting Officer's Report

Audit and risk committee

The audit committe consist of the following members that were appointed on the 1st of June 2017 for a period of 3 years

-Mr. IS Mogotsi (Chairperson)
-Ms. S.J Masite (Deputy Chaiperson
-Mr SAB Ngobeni
-Mr T Zororo
-Mr M Makgale

The committee met 9 times during the financial year to review matters necessary to fulfil its role.

Details of the meetings held are as follows:

Date	Venue
28 July 2017	BPDM
16 August 2017	BPDM
25 August 2017	MKLM
27 September 2017	BPDM
24 October 2017	BPDM
03 November 2017	MKLM
11 November 2017	DPDM
13 March 2018	BPDM
18 May 2018	BPDM

In terms of Section 166 of the Municipal Finance Management Act, Bojanala Platinum District Municipaliy must appoint members of the Audit Committee. Bojanala Platinum District Municipality was satisfied that the Audit Committee of the municipality, constituted by the non-executive directors was properly constituted to fulfil its role and advise the Council of its responsibilities as provided in Section 166 of the Municipal Finance Management Act.

Internal audit

The municipality has internal audit department that execute the function of the internal audit as provided in Section 165 of the Municipal Finance Management Act, however the internal audit department has been severely under-staffed for a period of 12 months.

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	6	1,266,122	1,478,745
VAT receivable	7	169,602	827,372
Cash and cash equivalents	8	2,339,601	764,378
		3,775,325	**3,070,495**
Non-Current Assets			
Property, plant and equipment	3	45,425,543	37,054,798
Intangible assets	4	1,509,660	950,109
		46,935,203	**38,004,907**
Non-Current Assets		46,935,203	38,004,907
Current Assets		3,775,325	3,070,495
Total Assets		**50,710,528**	**41,075,402**
Liabilities			
Current Liabilities			
Finance lease obligation	9	3,775,717	3,288,350
Payables from exchange transactions	11	50,211,850	51,484,471
Employee benefit obligation	5	265,000	268,000
Unspent conditional grants and receipts		-	431,439
Other Short term employee benefits	10	318,000	395,000
		54,570,567	**55,867,260**
Non-Current Liabilities			
Finance lease obligation	9	-	3,775,717
Employee benefit obligation	5	14,761,000	13,148,000
Other long term employee benefits	10	8,512,000	7,258,000
		23,273,000	**24,181,717**
Non-Current Liabilities		23,273,000	24,181,717
Current Liabilities		54,570,567	55,867,260
Total Liabilities		**77,843,567**	**80,048,977**
Assets		50,710,528	41,075,402
Liabilities		(77,843,567)	(80,048,977)
Net Assets		**(27,133,039)**	**(38,973,575)**
Reserves			
Revaluation reserve		8,964,693	1,514,693
Accumulated deficit		(36,097,733)	(40,488,264)
Total Net Assets		**(27,133,040)**	**(38,973,571)**

* See Note 27 & 26

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017 Restated*
Revenue			
Revenue from exchange transactions			
Other income		1,050,282	2,290,571
Interest received - investment	12	2,584,714	2,590,763
Total revenue from exchange transactions		**3,634,996**	**4,881,334**
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	13	322,949,976	317,473,583
		3,634,996	4,881,334
		322,949,976	317,473,583
Total revenue		**326,584,972**	**322,354,917**
Expenditure			
Employee related costs	14	(167,273,790)	(153,274,945)
Remuneration of councillors	15	(13,055,045)	(14,568,171)
Depreciation and amortisation	16	(3,761,546)	(9,174,383)
Finance costs	17	(777,655)	(1,202,113)
Inventory Consumed	18	(2,731,243)	-
Contracted services	19	(66,655,088)	(66,099,041)
Transfers and Subsidies		-	(24,864,284)
Loss on disposal of assets and liabilities		(2,277,994)	(3,360,219)
Loss on foreign exchange		(61,016)	-
Operational cost	20	(65,601,062)	(61,395,016)
Total expenditure		**(322,194,439)**	**(333,938,172)**
		-	-
Total revenue		326,584,972	322,354,917
Total expenditure		(322,194,439)	(333,938,172)
Operating surplus/deficit		-	-
Surplus (deficit) before taxation		4,390,533	(11,583,255)
Taxation		-	-
Surplus (deficit) for the year		**4,390,533**	**(11,583,255)**

The accounting policies on pages 13 to 33 and the notes on pages 34 to 56 form an integral part of the annual financial statements.

* See Note 27 & 26

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated deficit	Total net assets
Balance at 01 July 2016	**1,514,693**	**(28,905,009)**	**(27,390,316)**
Changes in net assets			
Surplus for the year	-	(11,583,255)	(11,583,255)
Total changes	-	(11,583,255)	(11,583,255)
Restated* Balance at 01 July 2017	**1,514,693**	**(40,488,266)**	**(38,973,573)**
Changes in net assets			
Surplus for the year	-	4,390,533	4,390,533
Revaluation	7,450,000	-	7,450,000
Total changes	7,450,000	4,390,533	11,840,533
Balance at 30 June 2018	**8,964,693**	**(36,097,733)**	**(27,133,040)**
Note(s)			

* See Note 27 & 26

Cash Flow Statement

Figures in Rand	Note(s)	2018	2017 Restated*
Cash flows from operating activities			
Receipts			
Grants		312,626,000	317,905,022
Interest income		2,584,714	2,590,763
		315,210,714	320,495,785
Payments			
Employee costs		(180,328,834)	(182,976,854)
Suppliers		(124,776,468)	(166,013,770)
		(305,105,302)	(348,990,624)
Total receipts		315,210,714	320,495,785
Total payments		(305,105,302)	(348,990,624)
Net cash flows from operating activities	21	**10,105,412**	**(28,494,839)**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(11,398,994)	14,250,416
Proceeds from sale of property, plant and equipment	3	-	8,208
Purchase of other intangible assets	4	(1,185,195)	(1,123,157)
Proceeds from sale of other intangible assets	4	(12,000)	-
Net cash flows from investing activities		**(12,596,189)**	**13,135,467**
Cash flows from financing activities			
Finance lease payments		4,066,000	4,066,000
Net increase/(decrease) in cash and cash equivalents		**1,575,223**	**(11,293,372)**
Cash and cash equivalents at the beginning of the year		764,378	12,057,750
Cash and cash equivalents at the end of the year	8	**2,339,601**	**764,378**

* See Note 27 & 26

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	630,000	-	**630,000**	1,050,282	**420,282**	
Interest received - investment	1,100,000	-	**1,100,000**	2,584,714	**1,484,714**	
Total revenue from exchange transactions	**1,730,000**	**-**	**1,730,000**	**3,634,996**	**1,904,996**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	318,413,000	-	**318,413,000**	322,949,976	**4,536,976**	
'Total revenue from exchange transactions'	1,730,000	-	**1,730,000**	3,634,996	**1,904,996**	
'Total revenue from non-exchange transactions'	318,413,000	-	**318,413,000**	322,949,976	**4,536,976**	
Total revenue	**320,143,000**	**-**	**320,143,000**	**326,584,972**	**6,441,972**	
Expenditure						
Personnel	167,693,000	(9,034,000)	**158,659,000**	(167,273,790)	**(325,932,790)**	
Remuneration of councillors	18,172,000	(1,494,000)	**16,678,000**	(13,055,045)	**(29,733,045)**	
Depreciation and amortisation	6,000,000	(1,500,000)	**4,500,000**	(3,761,546)	**(8,261,546)**	
Finance costs	250,000	-	**250,000**	(777,655)	**(1,027,655)**	
Repairs and maintenance	3,256,000	123,000	**3,379,000**	(2,731,243)	**(6,110,243)**	
Contracted Services	17,163,000	100,000	**17,263,000**	(66,655,088)	**(83,918,088)**	
Inventory consumed	17,275,000	(15,275,000)	**2,000,000**	-	**(2,000,000)**	
Operational costs	71,664,000	24,196,000	**95,860,000**	(65,601,062)	**(161,461,062)**	
Total expenditure	**301,473,000**	**(2,884,000)**	**298,589,000**	**(319,855,429)**	**(618,444,429)**	
	320,143,000	-	**320,143,000**	326,584,972	**6,441,972**	
	301,473,000	(2,884,000)	**298,589,000**	(319,855,429)	**(618,444,429)**	
Operating surplus	**621,616,000**	**(2,884,000)**	**618,732,000**	**6,729,543**	**(612,002,457)**	
Loss on disposal of assets and liabilities	-	-	**-**	(2,277,994)	**(2,277,994)**	
Loss on foreign exchange	-	-	**-**	(61,016)	**(61,016)**	
	-	**-**	**-**	**(2,339,010)**	**(2,339,010)**	
	621,616,000	(2,884,000)	**618,732,000**	6,729,543	**(612,002,457)**	
	-	-	**-**	(2,339,010)	**(2,339,010)**	
Surplus before taxation	**621,616,000**	**(2,884,000)**	**618,732,000**	**4,390,533**	**(614,341,467)**	
Deficit before taxation	621,616,000	(2,884,000)	**618,732,000**	4,390,533	**(614,341,467)**	
Taxation	-	-	**-**	-	**-**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**621,616,000**	**(2,884,000)**	**618,732,000**	**4,390,533**	**(614,341,467)**	
Reconciliation						

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

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

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

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

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management’s estimates.

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10 - Provisions.Provisions are measured using management best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge

Post retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 5.

Effective interest rate

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

Allowance for doubtful debts

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

Cash and cash equivalent

Cash and cash equivalent comprises of cash on hand and demand deposits, and other short-term highly liquid investment that are readily convertible to a known amount of cash and are subject to an insignificant risk in change of value. These are initially and subsequently recorded at fair value.

1.4 Property, plant and equipment

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

1.4 Property, plant and equipment (continued)

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	30 years
Plant and machinery	Straight line	5-7 years

1.4 Property, plant and equipment (continued)

Furniture and fixtures	Straight line	7 years
Motor vehicles	Straight line	5-7 years
Office equipment	Straight line	3-7 years
Leased Assets	Straight line	3 years

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

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

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

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

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

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

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

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

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

1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Accounting Policies

1.5 Intangible assets (continued)

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	3 years

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

1.6 Financial instruments

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

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

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

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

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

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

A derivative is a financial instrument or other contract with all three of the following characteristics:
- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the ‘underlying’).

1.6 Financial instruments (continued)

- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity’s net assets, either before the contribution occurs or at the time of the contribution; or

1.6 Financial instruments (continued)

- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

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

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

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

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

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

- derivatives;
- 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.

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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

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

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

1.6 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

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

Fair value measurement considerations

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

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

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

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

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

1.6 Financial instruments (continued)

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

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

Financial assets measured at cost:

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

Presentation

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

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

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

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

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

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

1.7 Tax

Current tax assets and liabilities

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

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

1.8 Leases

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

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

1.8 Leases (continued)

Finance leases - lessee

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

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

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

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

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.9 Inventories

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

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

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

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

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

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

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

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

1.9 Inventories (continued)

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

1.10 Impairment of cash-generating assets

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

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

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

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

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

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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

[Specify judgements made]

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.11 Employee benefits

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

1.11 Employee benefits (continued)

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

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

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

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

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

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

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

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

Post-employment benefits

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

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

Accounting Policies

1.11 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

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

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

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

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

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

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

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

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

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

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

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

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

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

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

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

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

Accounting Policies

1.11 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

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

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

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

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

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

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

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

1.11 Employee benefits (continued)

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

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

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

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

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

1.12 Provisions and contingencies

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

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

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

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

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

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

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

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

Provisions are not recognised for future operating surplus (deficit).

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

1.12 Provisions and contingencies (continued)

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

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 24.

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

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

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

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

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

1.13 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

1.13 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.14 Revenue from exchange transactions

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

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

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

Measurement

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

Sale of goods

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

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

Interest, royalties and dividends

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

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

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

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

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

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

1.15 Revenue from non-exchange transactions

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

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

1.15 Revenue from non-exchange transactions (continued)

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

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

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

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

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, 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.

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

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

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

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

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

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

Recognition

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

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

Measurement

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

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

Accounting Policies

1.15 Revenue from non-exchange transactions (continued)

Transfers

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

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

Transferred assets are measured at their fair value as at the date of acquisition.

1.16 Investment income

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

1.17 Borrowing costs

Borrowing costs are interest and other expenses incurred by an entity in connection with the borrowing of funds.

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

1.18 Comparative figures

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

1.19 Unauthorised expenditure

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

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

1.20 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.

1.21 Irregular expenditure

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

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

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

1.21 Irregular expenditure (continued)

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

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

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

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

1.22 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.23 Budget information

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

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

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

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

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

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

1.24 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

1.24 Related parties (continued)

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity’s financial statements to understand the effect of related party transactions on its annual financial statements.

1.25 Events after reporting date

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

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

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

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

1.26 Investment

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

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

2. New standards and interpretations

2.1 Standards and Interpretations early adopted

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

Standard/ Interpretation:	Effective date:	Expected impact:
GRAP 20 : Related Parties	1-Jul-19	Unlikely that there will be a material impact
GRAP 108 : Standard of GRAP on Statutory Receivables	1-Jul-19	Unlikely that there will be a material impact
GRAP 109 : Accounting by Principals and Agents	1-Jul-19	Unlikely that there will be a material impact
GRAP 32 : Service Concession Arrangements: Grantor	1-Jul-19	Unlikely that there will be a material impact
IGRAP 19 : Provisions, Contingent Liabilities and Assets	1-Jul-19	Unlikely that there will be a material impact
IGRAP 18 : Recognition and Derecognition of Land	1-Jul-20	Unlikely that there will be a material impact
GRAP 110 : Living and Non- Living Resources	1-Jul-20	Unlikely that there will be a material impact

2.2 Standards and interpretations not yet effective or relevant

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

Standard/ Interpretation:	Effective date:	Expected impact:
IGRAP 17 : Service Concession Arrangements	None	Unlikely that there will be a material impact

3. Property, plant and equipment

	2018			2017		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	18,800,000	-	18,800,000	11,200,000	-	11,200,000
Buildings	4,163,173	(1,867,494)	2,295,679	5,238,346	(1,769,118)	3,469,228
Plant and machinery	1,824,207	(1,217,862)	606,345	2,056,030	(1,217,862)	838,168
Motor vehicles	21,551,907	(13,471,731)	8,080,176	22,700,387	(14,562,731)	8,137,656
Office equipment	15,198,340	(9,592,737)	5,605,603	14,183,259	(8,416,884)	5,766,375
Leased Equipment	10,708,189	(7,392,831)	3,315,358	14,190,979	(7,569,321)	6,621,658
Work in Progress (WIP)	6,722,382	-	6,722,382	1,021,713	-	1,021,713
Total	**78,968,198**	**(33,542,655)**	**45,425,543**	**70,590,714**	**(33,535,916)**	**37,054,798**

3. **Property, plant and equipment (continued)**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Correction of error	Disposals	Transfers	Revaluations	Depreciation	Impairment loss	Total
Land	11,200,000	-	-	-	-	7,600,000	-	-	18,800,000
Buildings	3,469,228	-	(854,364)	(9,724)	-	(150,000)	(109,608)	(49,853)	2,295,679
Plant and machinery	838,168	29,970	1,014	(83,395)	-	-	(179,487)	75	606,345
Motor vehicles	8,137,656	-	952,343	-	-	-	(1,009,823)	-	8,080,176
Office equipment	5,766,375	2,116,880	4,483,201	(5,180,925)	-	-	(1,544,535)	(35,393)	5,605,603
Leased Equipment	6,621,658	-	-	-	-	-	(3,306,300)	-	3,315,358
Work in Progress (WIP)	6,786,199	11,535,110	-	-	(3,526,296)	-	-	-	6,722,382
	42,819,284	**13,681,960**	**4,582,194**	**(5,274,044)**	**(3,526,296)**	**7,450,000**	**(6,149,753)**	**(85,171)**	**45,425,543**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Upgrades	Transfers	Depreciation	Impairment loss	Total
Land	11,200,000	-	-	-	-	-	11,200,000
Buildings	5,238,346	-	-	-	(1,765,718)	(3,400)	3,469,228
Plant and machinery	2,154,330	-	-	-	(1,268,091)	(48,071)	838,168
Motor vehicles	9,970,770	-	-	-	(1,833,114)	-	8,137,656
Office equipment	6,835,002	1,784,403	438,982	(792,675)	(1,737,483)	(761,854)	5,766,375
Leased Equipment	-	9,927,958	-	-	(3,306,300)	-	6,621,658
Work in Progress (WIP)	9,227,902	19,369,081	-	(21,810,784)	-	-	1,021,713
	44,626,350	**31,081,442**	**438,982**	**(22,603,459)**	**(9,910,706)**	**(813,325)**	**37,054,798**

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

Notes to the Annual Financial Statements

4. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2,334,734	(825,074)	1,509,660	1,149,540	(199,431)	950,109

Reconciliation of intangible assets - 2018

	Opening balance	Additions	Disposals	Reversal	Amortisation	Impairment loss	Total
Computer software, other	950,109	1,185,195	12,000	(1,264,949)	625,643	1,662	1,509,660

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software, other	6,090	1,123,157	(177,477)	(1,661)	950,109

Notes to the Annual Financial Statements

5. Employee benefit obligations

Defined benefit plan

Post retirement medical aid plan

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 30 June 2018 by Mr Niel Fourie, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the post -employment health care benefit plan are made up as follows	2018	2017
Current in service members	237	239
Continuation members (Pensioners)	7	6
	244	**245**

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes

- Bonitas
- Hosmed
- Keyhealth
- LA Health
- Samwumed

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-wholly unfunded	(15,026,000)	(13,416,000)
Non-current liabilities	(14,761,000)	(13,148,000)
Current liabilities	(265,000)	(268,000)
	(15,026,000)	**(13,416,000)**

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	13,416,000	11,550,000
Benefits paid	(244,000)	(241,000)
Net expense recognised in the statement of financial performance	1,854,000	2,107,000
	15,026,000	**13,416,000**

Net expense recognised in the statement of financial performance

Current service cost	871,000	768,000
Interest cost	1,398,000	1,203,000
Actuarial (gains) losses	(415,000)	136,000
	1,854,000	**2,107,000**

Calculation of actuarial gains and losses

Actuarial (gains) losses – Obligation	(415,000)	136,000

Notes to the Annual Financial Statements

5. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

The basis on which the discount rate has been determined is as follow: GRAP25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the postemployment liabilities should be used

We used the nominal and real zero curves as at 30 June 2017 supplied by the JSE to determine our discount rates and CPI assumptions at each relevant time period. In the event that the valuation is performed prior to the effective valuation date, we use the prevailing yield at the time of performing our calculations.

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	**One percentage point decrease**
Effect on the aggregate of the service cost and interest cost	2,564,000	2,459,000
Effect on defined benefit obligation	15,276,000	14,638,000

Amounts for the current and previous four years are as follows:

	2018 R	2017 R	2016 R	2015 R	2014 R
Defined benefit obligation	15,026,000	13,416,000	11,550,000	9,772,000	-

6. Receivables from exchange transactions

Staff Debts	41,122	(140,151)
Sundry Debtors	1,225,000	1,618,896
	1,266,122	**1,478,745**

7. VAT receivable

VAT	169,602	827,372

Vat is accounted for on payment basis.All the vat returns have been filed timeously with SARS.

8. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2,339,601	764,378

Notes to the Annual Financial Statements

8. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2018	30 June 2017	30 June 2016	30 June 2018	30 June 2017	30 June 2016
ABSA Call Account 11-3150-0277	2,337,625	760,174	2,579,582	2,335,398	760,174	12,054,590
ABSA Cheque account 11-2000-0272	2,000	2,000	2,000	2,000	(10,068)	2,000
ABSA Petty Cash 90-8451-8967	-	2,203	2,200	2,203	2,203	1,160
Total	**2,339,625**	**764,377**	**2,583,782**	**2,339,601**	**752,309**	**12,057,750**

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from day to day. Management of the municipality is of the opinion that the carrying value of the bank balance and cash recorded at amortised cost in the financial statements approximate their fair values. The fair value of bank balance and cash were determined after considering the standard terms and conditions of agreements entered into betweeen the municipality and the financial institutions.

The municipality makes use of the fleet card services that is linked to the main bank account

The account number to this services is as follows : ABSA 708283 10 00009 6473

9. Finance lease obligation

Minimum lease payments due		
- within one year	3,775,717	3,288,349
- in second to fifth year inclusive	-	3,775,717
Present value of minimum lease payments	**3,775,717**	**7,064,066**
Non-current liabilities	-	3,775,717
Current liabilities	3,775,717	3,288,350
	3,775,717	**7,064,067**

The finance lease is secured over telephone lease worth R9 927 958 included in property, plant and equipment. The finance lease is over 36 month, with a minimum lease payments of R338 834 for equipment rental and R109 286 for maintenance and insurance at an effective interest rate of 10.50% respectively.

Notes to the Annual Financial Statements

10. Other employee benefits

Reconciliation of other employee benefits - 2018

	Opening Balance	Change in discount factor	Total
Long service award	7,653,000	1,177,000	8,830,000

Reconciliation of other employee benefits - 2017

	Opening Balance	Change in discount factor	Total
Long Service award	9,395,000	(1,742,000)	7,653,000

Non-current liabilities	8,512,000	7,258,000
Current liabilities	318,000	395,000
	8,830,000	**7,653,000**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable to employees after 10 years of continuous service, and every 5 years of continuous service from 10 years of service to 45 years of service. The provision is an estimate of the long service based on historical staff turnover. Additional cash/gifts are awarded to employees for levels of past service per the LSA policy.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried at 30 June 2018 by Mr Niel Fourie, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method

The principal assumptions used for the purposes of the actuarial valuations were as follows for the year ended 30 June 2018:
Discount rate - 8,63%
General salary inflation - 7,28%
Net discount rate - 1,26%

The basis on which the discount rate has been determined is as follow: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the postemployment liabilities should be used..

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

Expected Retirement Age - Females	63	63
Expected Retirement Age - Males	63	63
	126	**126**

Movements in the present value of the Defined Benefit Obligation were as follows:

Balance at the beginning of the year	7,653,000	6,594,000
Current service cost	829,000	755,000
Interest Cost	788,000	680,000
Benefits paid	(322,000)	(489,482)
Acturial losses/ (gains)	(118,000)	113,482
	8,830,000	**7,653,000**

The amount recognised in the Statement of Financial Position are as follows:

Present value of unfunded obligation	8,830,000	7,653,000

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

Notes to the Annual Financial Statements

10. Other employee benefits (continued)

Heading

Current Service Cost	829,000	1,081,000
Interest Cost	788,000	968,000
Acturial Losses/ (gains)	(118,000)	77,482
Total Benefit included in Employee Costs	**1,499,000**	**2,126,482**

11. Payables from exchange transactions

Trade payables	20,499,567	18,828,842
Retention	1,072,736	1,072,736
Provision for leave	21,731,181	26,519,574
Unallocated deposits	856,857	336,514
Bonus accrual	3,669,769	3,391,363
Third Parties(employee related)	2,381,740	1,335,442
	50,211,850	**51,484,471**

12. Investment revenue

Interest revenue

Interest from investment and primary account	2,584,714	2,590,763
	-	-
	2,584,714	2,590,763

The amount included in Investment revenue arising from exchange transactions amounted to R 2,584,714.

Notes to the Annual Financial Statements

13. Government grants and subsidies

Operating grants

Equitable share	313,057,439	302,943,000
Disaster Grant	1,544,637	718,720
Rural Asset Management Grant	2,359,000	2,175,000
Expanded Public works Programme	1,747,000	1,557,000
Financial Management Grant	1,250,000	1,250,000
SETA Skills Development Grant and energy efficieny grant	2,991,900	8,829,863
	322,949,976	**317,473,583**
	322,949,976	317,473,583
	-	-

Disaster Grant

Current-year receipts	1,544,637	718,720
Conditions met - transferred to revenue	(1,544,637)	(718,720)
	-	-

Expanded Public Works Programme

Current-year receipts	1,747,000	1,557,000
Conditions met - transferred to revenue	(1,747,000)	(1,557,000)
	-	-

Financial Management Grants

Current-year receipts	1,250,000	1,250,000
Conditions met - transferred to revenue	(1,250,000)	(1,250,000)
	-	-

Rural Asset Management Grant

Current-year receipts	2,359,000	2,174,563
Conditions met - transferred to revenue	(2,359,000)	(2,174,563)
	-	-

SETA Skills Development Grants

Current-year receipts	2,991,900	4,261,302
Conditions met - transferred to revenue	(2,991,900)	(4,261,302)
	-	-

Energy Efficiency Grants

Balance unspent at beginning of year	431,439	-
Current-year receipts	-	5,000,000
Conditions met - transferred to revenue	-	(4,568,561)
Roll over denied	(431,439)	-
	-	**431,439**

Notes to the Annual Financial Statements

14. Employee related costs

Basic	105,692,359	122,789,100
Medical aid - company contributions	7,053,766	7,027,929
UIF	503,867	575,222
SDL	1,631,786	1,367,625
Leave pay	423,964	-
Defined contribution plans	9,139,043	1,730,000
Overtime payments	878,290	1,231,000
Car allowance	10,697,712	892,279
Bonus	7,502,418	-
Contributions	29,140	28,516
Other Allowances	4,278,274	-
Contribution to pension and provident fund	17,930,854	16,827,177
Cellphone Allowance	1,512,317	806,097
	167,273,790	**153,274,945**

Remuneration of Municipal Manager

Annual Remuneration	683,133	448,990
Car Allowance	85,000	63,600
Acting Allowance	105,360	121,084
Contributions to UIF, Medical and Pension Funds	1,338	595
Cellphone allowance	18,000	8,000
Housing Allowance	97,750	289,380
	990,581	**931,649**

Municipal manager was appointed from 1 October 2017 and paid in accordance with the Government Gazette No. 41173, Remuneration of Senior Managers.

Remuneration of Chief Finance Officer

Annual Remuneration	81,147	992,105
Car Allowance	-	226,840
Acting allowance	255,482	218,402
Cellphone	-	18,000
Housing allowance	-	110,321
Contributions to UIF, Medical and Pension Funds	149	1,785
	336,778	**1,567,453**

Chief Financial Officer was appointed from 1 June 2018 and paid in accordance with the Government Gazette No. 41173, Remuneration of Senior Managers

Remuneration of Director Corporate Services

Annual Remuneration	295,524	416,622
Car Allowance	90,224	127,200
Cellphone allowance	12,000	18,000
Housing Allowance	378,952	534,240
Acting allowance	50,893	44,635
Contributions to UIF, Medical and Pension Funds	1,190	1,785
	828,783	**1,142,482**

Remuneration of Director -Local Economic development

Annual Remuneration	549,617	792,601
Car Allowance	135,336	114,480
Cellphone Allowance	18,000	18,000

Notes to the Annual Financial Statements

14. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	1,785	1,338
Acting allowance	-	53,344
Housing allowance	440,532	150,255
	1,145,270	**1,130,018**

Remuneration of Director : Community Development services

Annual Remuneration	70,000	516,557
Car Allowance	50,000	127,200
Contributions to UIF, Medical and Pension Funds	297	1,785
Acting allowance	199,669	12,563
cellphone allowance	3,000	18,000
Housing allowance	38,666	414,036
	361,632	**1,090,141**

Director Communicty developmnet Services was appointed from 1 May 2018 and paid in accordance with the Government Gazette No. 41173, Remuneration of Senior Managers

Remuneration of Director -Technical Services

Annual Remuneration	60,000	424,852
Car Allowance	57,000	318,000
Housing Allowance	42,293	27,971
Acting Allowance	247,358	534,240
Cellphone allowance	3,000	18,000
Contributions to UIF, Medical and Pension Funds	297	1,785
	409,948	**1,324,848**

Director was appointed from 1 May 2018 and paid in accordance with the Government Gazette No. 41173, Remuneration of Senior Managers

Remuneration of Director - Community Environment

Annual Remuneration	670,848	853,162
Car Allowance	213,165	267,120
Cellphone allowance	13,500	18,000
Contributions to UIF, Medical and Pension Funds	1,338	1,785
Acting allowance	46,970	38,784
	945,821	**1,178,851**

15. Remuneration of councillors

Mayor	990,459	942,780
Single Whip	755,178	712,301
Speaker	798,200	758,397
Councillors	2,265,252	4,365,476
MPAC	728,989	666,207
MMCs	7,516,967	7,123,010
	13,055,045	**14,568,171**

Notes to the Annual Financial Statements

15. Remuneration of councillors (continued)

In-kind benefits

The Executive Mayor,Single whip ,Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor, Single whip and the Speaker has use of a Council owned vehicle for official duties.

The Executive Mayor has two full-time bodyguards and two drivers.

Councillors were paid in accordance with the Government Gazette No. 1440, Remuneration of Councillors with exception to the SDL that the municipality is intending to correct and recover in the year 2018-2019 .

16. Depreciation and amortisation

Property, plant and equipment	3,135,903	8,995,245
Intangible assets	625,643	179,138
	3,761,546	**9,174,383**

17. Finance costs

Finance leases	777,655	1,202,113

The finance lease is secured over telephone lease worth R9 927 958 included in property, plant and equipment. The finance lease is over 36 month, with a minimum lease payments of R338 834 for equipment rental and R109 286 for maintenance and insurance at an effective interest rate of 10.50% respectively..

18. Inventory Consumed

Inventory utilised	2,731,243	-

19. Contracted services

Donations	2,000,000	2,500,000
Contracted Services	55,657,499	63,599,041
Other Contractors	8,997,589	-
	66,655,088	**66,099,041**

Donations 2018

Bojanala Platinum District Municipality supported KgetlengRivier Local Municipality and Moretele Local Municipality with a Million Rands each for the implementation of MSCOA and the GRAP 17 compliant Asset register

Notes to the Annual Financial Statements

20. Operational cost

Audit fees	4,583,626	3,749,190
Entertainment	6,400,510	2,273,044
Conferences and seminars	62,562	-
IT expenses	-	967,343
Medical expenses	1,720,948	1,587,164
Lease rentals	13,166,070	-
Printing and stationery	1,034,995	1,146,770
Protective clothing	909,951	50,000
Repairs and maintenance	841,800	1,794,786
Subscriptions and membership fees	98,038	157,489
Telephone and fax	10,269,633	8,394,269
Travel - local	1,717,481	11,834,542
Utilities - Other	2,213,975	1,370,435
Uniforms	451,340	725,758
Educational Awareness	2,235,341	331,123
Accomodation	11,843,530	19,180,748
Burial of paupers	682,197	3,505,821
Consulting and Professional fees	7,135,024	4,229,290
Other expenses	234,041	97,244
	65,601,062	**61,395,016**

21. Cash generated from (used in) operations

Surplus (deficit)	4,390,533	(11,583,255)
Adjustments for:		
Depreciation and amortisation	3,761,546	9,174,383
Loss on foreign exchange	61,016	-
Movements in retirement benefit assets and liabilities	1,610,000	13,416,000
Movements in provisions	1,177,000	(21,551,000)
Changes in working capital:		
Receivables from exchange transactions	212,623	(1,478,745)
Payables from exchange transactions	(1,333,637)	(11,979,330)
VAT	657,770	(4,924,331)
Unspent conditional grants and receipts	(431,439)	431,439
	10,105,412	**(28,494,839)**

22. Financial instruments disclosure

Categories of financial instruments

2018

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,266,122	1,266,122
Cash and cash equivalents	2,339,601	2,339,601
	3,605,723	**3,605,723**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	4,358,717	4,358,717
Trade and other payables from exchange transactions	50,211,850	50,211,850

Notes to the Annual Financial Statements

22. Financial instruments disclosure (continued)

	54,570,567	**54,570,567**

2017

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	1,478,745	1,478,745
Cash and cash equivalents	764,378	764,378
	2,243,123	**2,243,123**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	4,382,789	4,382,789
Trade and other payables from exchange transactions	51,484,471	51,484,471
	55,867,260	**55,867,260**

23. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Opening Balance	527,629	-
• Roads	1,917,740	-
• Water reticulation network	103,495	-
• Other Infrastructure assets	2,098,504	527,629
	4,647,368	**527,629**

Total capital commitments		
Already contracted for but not provided for	4,647,368	527,629

Total commitments

Total commitments		
Authorised capital expenditure	4,647,368	527,629

Operating leases - as lessee (expense)

Minimum lease payments due		
- within one year	7,114,146	8,561,288
- in second to fifth year inclusive	4,026,029	9,252,319
	11,140,175	**17,813,607**

Operating lease payments represent rentals payable by the municipality for certain of its office properties (Head Office, Heystek office and Brits Office). Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable

Notes to the Annual Financial Statements

24. Contingencies

Contingent Liabilities

24.1 Case Number 3926/17 in the Rustenburg Magistrates Court: Claimed amount R 72 878-54 plus costs for vehicle damage due to pothole in Bethanie road. Setshesh Makgale Attorneys in Rustenburg are handling this matter on behalf of BPDM	100,000	72,879
24.2 Case Number 742/17 in the Brits Magistrate Court: Claimed amount ± R 80 000 plus costs for vehicle damage due to pothole in Bethanie road. Malatji Attorneys in Brits are handling this matter on behalf of BPDM	38,000	80,000
24.3 The municipality entered into a contract with Taupedi securities in May 2009. On or about the 31 March 2014, a letter was sent to Taupedi securities from the municipality informing them that the agreement will expire on the 31 May 2014. In breach of of the agreement, the municipality has failed, alternatively neglected to send the 90 days termination notice to Taupedi security before the expiry of the agreement. As a results of the breach, Taupedi suffered damages on the form of loss of 10% statutory increase for two years from 31 May 2014 to 31 May 2016. The Taupedi security's loss of monthly income or profit margin in terms of the contract for two years is R16 512 000	-	16,512,000
24.4 Case 1006/17 -Possible obligation to be incurred by the lawyer fro defending the conlcuded case on Taupedi security	500,000	-
24.5 Case No: 6226/17- Claim for damage on a motor vehicle arising out of a road in a state of despair	38,000	-
24.7 Telkom - Long outstanding debts	2,319,784	-
24.8 SAMWU obo Mr Morgan Molobi - Unfair Labour Practice - Refusal to pay the employee car allowance. There was no prospect of success by the Claimaint against the municipality	-	-
24.9 IMATU, Rangata and 8 others - Unfair Labour Practice - Promotion. No prospect of success by the Claimaint against the municipality	-	-
24.10 Possible liability to be incured by Lawyers when defending pending case for Debra Qiqima	850,000	-
24.11 Matters relating to moderwinkel due to Listeriosis outbreak.	15,000	-
	3,860,784	**16,664,879**

25. Related parties

Related party balances

Rent Paid to (received from) related parties		
Rustenburg Local Municipality	808,766	723,114
Remuneration of management		
Remuneration of Sec 57 Managers	5,018,815	8,365,440
Remuneration of councillors	13,055,045	14,568,171

Notes to the Annual Financial Statements

26. Prior period errors

The following Prior period error corrections were done for the 2016 financial year as reflected in below tables:

Employee Benefit Obligation

Provisions for employee benefit obligation was adjusted because of the incorrect raw data that was send to the actuaries in the prior year. The acturial assumptions and methodoly used for calculating the provision was incorrect because of the data send to the the acturiaries.The adjustment was for both long and short term portion of the provision.

Long Service Award

Provisions for long service awards was adjusted because of the incorrect raw data that was send to the actuaries in the prior year. The acturial assumptions and methodoly used for calculating the provision was incorrect because of the data send to the the acturiaries.The adjustment was for both long and short term portion of the provision

Finance Lease Assets and Obligation

Finance lease obligation was adjusted to exclude the consesus liability that was erroneously recorded as a finance lease instead of operational lease, and remeasurement of telephone lease due to componentisation of the leased assets.

Property, plant and equipment

Accounting for the finance lease assets resulted in an increase to depreciation by R1 274 198 resulting from leased assets

VAT receivables

VAT transactions which were reconciled outside the system were captured in the financial system in order to reconcile VAT statement to the VAT control account.

Cash and cash equivalent

Added R2,000 which was previously ommitted to the cash and cash equivalent balance.

Receivables from exchange transactions

The balance was restated to comply with accrual basis of accounting as income from fines issued by the health department was accounted on cash basis.

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

Notes to the Annual Financial Statements

26. Prior period errors (continued)

VAT Receivable	2017
Adjustment affecting statement of financial position	(4,932,203)

	2017
Adjustment affecting statement of changes in net assets	4,932,203

Property ,Plant and Equipment	2017
Adjustment affecting statement of financial position	(13,143,319)

	2017
Adjustment affecting statement of changes in net assets	13,143,319

Adjustments still to be processed

Intangible assets	2017
Adjustment affecting statement of financial position	(432,235)

	2017
Adjustment affecting statement of changes in net assets	432,235

Adjustments still to be processed

Finance lease obligation	2017
Adjustment affecting statement of financial position	8,250,424

	2017
Adjustment affecting statement of changes in net assets	(8,250,424)

Finance lease obligation was adjusted to exclude the consesus liability that was erroneously recorded as a finance lease instead of operational lease.

Provision	2017
Adjustment affecting statement of financial position	(12,667,000)

	2017
Adjustment affecting statement of changes in net assets	12,667,000

Provisions for long service awards was adjusted because of the incorrect raw data that was sent to the actuaries in the prior year. The acturial assumptions and methodology used for calculating the provision was incorrect because of the data sent to the the acturiaries.The adjustment wasa for both long and short term portion of the provision.

27. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Notes to the Annual Financial Statements

27. Prior-year adjustments (continued)

2017

	Note	As previously reported	Correction of error	Restated
VAT receivable		5,759,575	(4,932,203)	827,372
Receivables from exchange transactions		253,745	1,225,000	1,478,745
Cash and cash equivalent		762,378	2,000	764,378
PPE		43,418,909	(13,143,319)	30,275,590
Intangible assets		1,382,344	(432,235)	950,109
Current liabilities : Finance lease obligation		7,130,669	(3,842,319)	3,288,350
Current Liability : Provision		738,000	(343,000)	395,000
Non Current Liability: Finance lease		8,183,822	(4,408,105)	3,775,717
Non Current Liability : Provision		19,582,000	(12,324,000)	7,258,000
Current Liability : Employee benefit obligation		265,000	3,000	268,000
Non-current Liability : Employee benefit obligation		11,249,000	1,899,000	13,148,000
Payables from exchange transactions		37,904,436	14,294,889	52,199,325
Unspent conditional grant		-	431,439	431,439
		136,629,878	**(21,569,853)**	**115,060,025**

Statement of financial performance

2017

	Note	As previously reported	Correction of error	Re-classification	Restated
Other revenue		4,155,646	1,434,120	-	5,589,766
Repairs and maintenance		(1,463,859)	-	1,463,859	-
Employee related cost		(154,837,592)	(1,736,548)	-	(156,574,140)
Finance cost		(1,827,748)	625,635	-	(1,202,113)
Depreciation and amortisation		(13,157,376)	-	-	(13,157,376)
General Expenses		(64,429,092)	-	-	(64,429,092)
Grants and subsidies paid		(67,792,571)	-	-	(67,792,571)
Lease rental		5,464,989	-	-	5,464,989
Surplus for the year		**(293,887,603)**	**323,207**	**1,463,859**	**(292,100,537)**

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

28. Risk management

Liquidity risk

Liquidity risk is the risk that the Municipality will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial assets.

The municipality’s approach to mamaging liquidity is to ensure , as far as possible , that it will always have sufficient liquidity meet its liabilities when due, under both normal and stressed conditions , without incurring unacceptable losses or risking damage to the Municipality reputation . The liquidity risk management by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cashflow requirements . Liabilities are managed by ensuring that all contractual payments met on a timeous basis and, if required additional new arrangements are established at a competitive rates to ensure that cashflow requirements are met.

The municipality’s managed liquidity through an ongoing review of future commitements and credit facilities.

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 flow requirements. Liabilities are managed by a competitive rates to ensure that the cashflow requiments are met.

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances are due within 12 months and equal their carrying balances as the impact of discounting is not significant.

Liquidity risk		
Trade and other payables (see note 11)	(50,211,850)	(51,484,471)

Credit risk

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

Financial instrument		
Receivable from exchange transaction	1,266,122	1,478,745
Cash and cash equivalents	2,339,601	764,378

Foreign Exchange Risk

Foreign exchange risk

The municipality does not hedge foreign exchange fluctuations. The municipality is exposed to one foreign transaction relating to payment of microsoft licenses that is denominated in US Dollars.

29. Going concern

We draw attention to the fact that at 30 June 2018, the municipality had an accumulated surplus (deficit) of R (36,097,733) and that the municipality's total liabilities exceed its assets by R (27,133,040).

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality to restore the solvency of the municipality.

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

30. Unauthorised expenditure

Opening balance	157,275,142	80,539,355
Add: Unauthorised Expenditure Current year	-	76,735,787
	157,275,142	**157,275,142**

Unauthorised expenditure disclosed in the current and that of prior year had not been investigated at the date of submission of the financial statement..

31. Fruitless and wasteful expenditure

Opening Balance	5,296,339	4,016,397
Add: Fruitless and Wastefull Expenditure	277,912	1,279,942
Adjustment identified during audit	146,624	-
	5,720,875	**5,296,339**

Expenditure incurred during the year resulted from interest and penalties paid on late payments of suppliers. The matters are currently under investigation, no disciplinary steps taken to date.

32. Irregular expenditure

Opening balance	208,685,207	115,411,089
Add: Irregular Expenditure - current year	95,493,765	93,274,118
	304,178,972	**208,685,207**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	
Non adherance to three written qoutations	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	3,355,911
Competitive bidding not followed	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	4,427,166
Non-Adherance to SCM processes/100% of contracts ceded to third parties	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	74,109,351
Non-Adherance to Sec 116(3), MFMA no. 56 of 200	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	13,601,337
		95,493,765

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

32. Irregular expenditure (continued)

Details of irregular expenditure- Prior year

	Disciplinary steps taken/criminal proceedings	
Non adherance to three written qoutations	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	774,161
Competitive bidding not followed	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	10,135,435
Non-Adherance to SCM processes/100% of contracts ceded to third parties	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	72,948,382
Non-Adherance to Sec 116(3), MFMA no. 56 of 200	Cases for 2017/18 has not yet been investigated.No disciplinary actions have been taken against any officials	9,416,139
		93,274,117

The previously reported Unauthorised, Irregular, and Fruitless and Wasteful expenditure were dealt with by MPAC and Council has appointed a disciplinary board to conclude the process.

33. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government (SALGA)

	2018	2017
Current year subscription / fee	1,850,626	72,243
Amount paid - current year	(1,850,626)	(72,373)
	-	**(130)**

Audit fees

	2018	2017
Current year subscription / fee	3,811,553	3,749,190
Amount paid - current year	(3,811,553)	(3,749,190)
	-	**-**

PAYE and UIF

	2018	2017
Opening balance	(267,019)	-
Current year subscription / fee	31,348,190	28,214,414
Amount paid - current year	(32,105,787)	(28,481,433)
	(1,024,616)	**(267,019)**

Pension and Medical Aid Deductions

	2018	2017
Opening balance	(987,585)	-
Current year subscription / fee	41,690,072	36,539,844
Amount paid - current year	(41,835,414)	(37,527,429)
	(1,132,927)	**(987,585)**

VAT

	2018	2017
VAT receivable	169,602	827,372

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

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

Notes to the Annual Financial Statements

Figures in Rand	2018	2017

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

Supply chain management regulations

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

Bojanala Platinum District Municipality
Appendix D

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**		**Actual Income Rand**	**Actual Expenditure Rand**	**Surplus /(Deficit) Rand**
			Municipality			
-	-	-	Executive & Council/Mayor and Council	-	-	-
-	-	-	Finance & Admin/Finance	-	-	-
-	-	-	Planning and Development/Economic Development/Plan	-	-	-
-	-	-	Health/Clinics	-	-	-
-	-	-	Comm. & Social/Libraries and archives	-	-	-
-	-	-	Housing	-	-	-
-	-	-	Public Safety/Police	-	-	-
-	-	-	Sport and Recreation	-	-	-
-	-	-	Environmental Protection/Pollution Control	-	-	-
-	-	-	Waste Water Management/Sewerage	-	-	-
-	-	-	Road Transport/Roads	-	-	-
-	-	-	Water/Water Distribution	-	-	-
-	-	-	Electricity /Electricity Distribution	-	-	-
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Municipal Owned Entities			
-	-	-	Null	-	-	-
-	-	-	Null	-	-	-
-	-	-	Null	-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
-	-	-	Municipality	-	-	-
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**	**Total**	**-**	**-**	**-**

Bojanala Platinum District Municipality
Appendix E(1)

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

	Current year 2017 Act. Bal. Rand	Current year 2017 Adjusted budget Rand	Variance Rand	Var	Explanation of Significant Variances greater than 10% versus Budget
Revenue					
Sale of goods	-	-	-	-	(Explanations to be recorded)
Sale of goods in agricultural activities	-	-	-	-	
Rendering of services	-	-	-	-	
Rendering of services in agricultural activities	-	-	-	-	
Property rates	-	-	-	-	
Service charges	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Sales of housing	-	-	-	-	
Construction contracts	-	-	-	-	
Royalty income	-	-	-	-	
Rental of facilities and equipment	-	-	-	-	
Interest received (trading)	-	-	-	-	
Dividends received (trading)	-	-	-	-	
Agency services	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Licences and permits	-	-	-	-	
	-	-	-	-	
Municipal Revenue UD1	-	-	-	-	
Municipal Revenue UD2	-	-	-	-	
	-	-	-	-	
	-	-	-	-	
Miscellaneous other revenue	-	-	-	-	
Administration and management fees received	-	-	-	-	
Fees earned	-	-	-	-	
Commissions received	-	-	-	-	
Royalties received	-	-	-	-	
Rental income	-	-	-	-	
Discount received	-	-	-	-	
Recoveries	-	-	-	-	
Other income 1	1,050,282	-	1,050,282	-	
Other income 2	-	-	-	-	
Financial instruments - Fee income	-	-	-	-	
Other income - (rollup)	-	-	-	-	
Other farming income 1	-	-	-	-	
Other farming income 2	-	-	-	-	
Other farming income 3	-	-	-	-	
Other farming income 4	-	-	-	-	
Other farming income	-	-	-	-	
Other income 3	-	-	-	-	
Interest received - investment	2,584,714	-	2,584,714	-	
Interest received - other	-	-	-	-	
Dividends received	-	-	-	-	
	3,634,996	-	3,634,996	-	

Bojanala Platinum District Municipality
Appendix E(1)

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

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Expenses					
Personnel	(167,273,789)	-	(167,273,789)	-	
Manufacturing - Employee costs	-	-	-	-	
Remuneration of councillors	(13,055,045)	-	(13,055,045)	-	
Administration	-	-	-	-	
Transfer payments	-	-	-	-	
Depreciation	(3,135,903)	-	(3,135,903)	-	
Impairment	-	-	-	-	
Amortisation	(625,643)	-	(625,643)	-	
Impairments	-	-	-	-	
Reversal of impairments	-	-	-	-	
Finance costs	(777,655)	-	(777,655)	-	
Debt Impairment	-	-	-	-	
Collection costs	-	-	-	-	
Repairs and maintenance - Manufacturing expenses	-	-	-	-	
Repairs and maintenance - General	(841,800)	-	(841,800)	-	
Repairs and maintenance - General	-	-	-	-	
Bulk purchases	(2,731,243)	-	(2,731,243)	-	
Contracted Services	(66,655,088)	-	(66,655,088)	-	
Transfers and Subsidies	-	-	-	-	
Cost of housing sold	-	-	-	-	
General Expenses	(64,759,260)	-	(64,759,260)	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
Other (taken out of General expenses)	-	-	-	-	
	(319,855,426)	-	(319,855,426)	-	
Other revenue and costs					
Gain or loss on disposal of assets and liabilities	(2,277,994)	-	(2,277,994)	-	
Gain or loss on exchange differences	(61,016)	-	(61,016)	-	
Fair value adjustments	-	-	-	-	
Gains or losses on biological assets and agricultural produce	-	-	-	-	
Income from equity accounted investments	-	-	-	-	
Gain or loss on disposal of non-current assets held for sale or disposal groups	-	-	-	-	

Bojanala Platinum District Municipality
Appendix E(1)

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

	Current year 2017 Act. Bal.	Current year 2017 Adjusted budget	Variance		Explanation of Significant Variances greater than 10% versus Budget
Taxation	-	-	-	-	
Discontinued operations	-	-	-	-	
	(2,339,010)	-	(2,339,010)	-	
Net surplus/ (deficit) for the year	(318,559,440)	-	(318,559,440)	-	

Bojanala Platinum District Municipality
Appendix F
Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
Finance management grants	National Treasury	50,000	-	-	-	-	-	27,392	33,302	87,165	-	-	-	-	-	-		Yes	
EPWP	Public works	-	51,000	-	08,000	-	-	88,485	90,108	30,875	90,136	-	-	-	-	-		Yes	
Disaster grants		-	73,626	68,660	-	-	-	72,993	57,065	00,586	11,642	-	-	-	-	-		Yes	
Rural Assets management grants		-	51,000	-	08,000	-	-	88,485	90,108	30,875	49,532	-	-	-	-	-			
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
		50,000	75,626	68,660	16,000	-	-	77,355	70,583	49,501	51,310	-	-	-	-	-			

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

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

	2018/2017											2017/2016			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue - Standard															
Governance and administration	**320,143,000**	**871,350**	**321,014,350**	**-**		**321,014,350**	**322,065,513**		**1,051,163**	**100 %**	**101 %**				**-**
Executive and council	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Budget and treasury office	320,143,000	871,350	321,014,350	-		321,014,350	322,065,513		1,051,163	100 %	101 %				-
Corporate services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Community and public safety	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Community and social services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Sport and recreation	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Public safety	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Housing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Health	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Economic and environmental services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Planning and development	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Road transport	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Environmental protection	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Trading services	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Electricity	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Water	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste water management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Waste management	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue - Standard	**320,143,000**	**871,350**	**321,014,350**	**-**		**321,014,350**	**322,065,513**		**1,051,163**	**100 %**	**101 %**				**-**

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

	2018/2017											2017/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure - Standard															
Governance and administration	**152,401,665**	**8,628,638**	**161,030,303**	**-**	**-**	**161,030,303**	**-**	**-**	**(161,030,303)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Executive and council	63,855,164	4,866,869	68,722,033	-	-	68,722,033	-	-	(68,722,033)	- %	- %	-	-	-	-
Budget and treasury office	27,002,652	7,277,765	34,280,417	-	-	34,280,417	-	-	(34,280,417)	- %	- %	-	-	-	-
Corporate services	61,543,849	(3,515,996)	58,027,853	-	-	58,027,853	-	-	(58,027,853)	- %	- %	-	-	-	-
Community and public safety	**123,678,188**	**(6,897,127)**	**116,781,061**	**-**	**-**	**116,781,061**	**-**	**-**	**(116,781,061)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Community and social services	15,866,058	(2,894,922)	12,971,136	-	-	12,971,136	-	-	(12,971,136)	- %	- %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	70,325,381	(4,160,128)	66,165,253	-	-	66,165,253	-	-	(66,165,253)	- %	- %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	37,486,749	157,923	37,644,672	-	-	37,644,672	-	-	(37,644,672)	- %	- %	-	-	-	-
Economic and environmental services	**43,601,692**	**(1,521,835)**	**42,079,857**	**-**	**-**	**42,079,857**	**-**	**-**	**(42,079,857)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Planning and development	16,334,169	(1,011,542)	15,322,627	-	-	15,322,627	-	-	(15,322,627)	- %	- %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	27,267,523	(510,293)	26,757,230	-	-	26,757,230	-	-	(26,757,230)	- %	- %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure - Standard	**319,681,545**	**209,676**	**319,891,221**	**-**	**-**	**319,891,221**	**-**	**-**	**(319,891,221)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**461,455**	**661,674**	**1,123,129**	**-**		**1,123,129**	**322,065,513**		**320,942,384**	**28,676 %**	**69,793 %**				**-**

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

	2018/2017												2017/2016		
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance of Actual Outcome against Adjustments Budget Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Revenue by Vote															
Example 1 - Vote1	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Example 2 - Vote2	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 3 - Vote3	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 4 - Vote4	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 5 - Vote5	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 6 - Vote6	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 7 - Vote7	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 8 - Vote8	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 9 - Vote9	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 10 - Vote10	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 11 - Vote11	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 12 - Vote12	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 13 - Vote13	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 14 - Vote14	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Example 15 - Vote15	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				317,516,416
Total Revenue by Vote	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**4,445,229,824**
Expenditure by Vote to be appropriated															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure by Vote	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit) for the year	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**4,445,229,824**

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

	2018/2017											2017/2016			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital expenditure - Vote															
Multi-year expenditure															
Example 1 - Vote1	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 2 - Vote2	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 3 - Vote3	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 4 - Vote4	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 5 - Vote5	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 6 - Vote6	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 7 - Vote7	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 8 - Vote8	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 9 - Vote9	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital multi-year expenditure sub-total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Single-year expenditure															
Example 1 - Community Development	625,000	(475,000)	150,000	-	-	150,000	-	-	(150,000)	- %	- %	-	-	-	-
Example 2 - Environment Services	200,000	(50,000)	150,000	-	-	150,000	-	-	(150,000)	- %	- %	-	-	-	-
Example 3 - Municipal manager	150,000	(50,000)	100,000	-	-	100,000	-	-	(100,000)	- %	- %	-	-	-	-
Example 4 - Municipal Council	205,000	-	205,000	-	-	205,000	-	-	(205,000)	- %	- %	-	-	-	-
Example 5 - Corporate Services	1,502,811	336,792	1,839,603	-	-	1,839,603	-	-	(1,839,603)	- %	- %	-	-	-	-
Example 6 - Executive Mayor	200,000	(100,000)	100,000	-	-	100,000	-	-	(100,000)	- %	- %	-	-	-	-
Example 7 - Local Economic	120,000	-	120,000	-	-	120,000	-	-	(120,000)	- %	- %	-	-	-	-
Example 8 - Budget and treasury	200,000	(100,000)	100,000	-	-	100,000	-	-	(100,000)	- %	- %	-	-	-	-
Example 9 - Technical Services	390,000	6,250,000	6,640,000	-	-	6,640,000	-	-	(6,640,000)	- %	- %	-	-	-	-
Example 10 - Vote10	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 11 - Vote11	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 12 - Vote12	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 13 - Vote13	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 14 - Vote14	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Example 15 - Vote15	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Capital single-year expenditure sub-total	**3,592,811**	**5,811,792**	**9,404,603**	**-**	**-**	**9,404,603**	**-**	**-**	**(9,404,603)**	**- %**	**- %**	**-**	**-**	**-**	**-**
Total Capital Expenditure - Vote	**3,592,811**	**5,811,792**	**9,404,603**	**-**	**-**	**9,404,603**	**-**	**-**	**(9,404,603)**	**- %**	**- %**	**-**	**-**	**-**	**-**

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

	2018/2017												2017/2016		
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Capital Expenditure - Standard															
Governance and administration	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Executive and council	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Budget and treasury office	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Corporate services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Community and public safety	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Community and social services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Economic and environmental services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Planning and development	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Trading services	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Electricity	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Water	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Other	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Capital Expenditure - Standard	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**DIV/0 %**	**DIV/0 %**	**-**	**-**	**-**	**-**
Funded by:															
National Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Provincial Government	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
District Municipality	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other transfers and grants	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - capital	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**
Public contributions & donations	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Borrowing	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Internally generated funds	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Capital Funding	**-**	**-**	**-**	**-**		**-**	**-**		**-**	**DIV/0 %**	**DIV/0 %**				**-**