

**UMHLABUYALINGANA UMASIPALA WASEKHAYA  
UMHLABUYALINGANA LOCAL MUNICIPALITY**

**FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 30 JUNE 2011**



## UMHLABUYALINGANA LOCAL MUNICIPALITY

### ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

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**UMHLABUYALINGANA LOCAL MUNICIPALITY**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE**

**GENERAL INFORMATION**

Mayor	Cllr. T.S Mkhombo
Deputy Mayor	Cllr. M.N Nxumalo
Speaker	Cllr. N.S Mthembu
Exco Members	Cllr. N.S. Mthethwa Cllr. B.T. Tembe Cllr. M.S. Mabika Cllr. T.A Zikhali

**Grading of Municipality**

Medium Capacity Municipality

**Auditors**

The Auditor-General of South Africa  
Private Bag X9034  
PIETERMARITZBURG  
3200

**GENERAL INFORMATION** (continued)

**Bankers**

First National Bank of South Africa

**Registered office:** Municipal Building, Kwangwanase

**Physical address:** Main Street  
Manguzi

**Postal address:** Private Bag X 901  
KwaNgwanase  
3973

**Telephone Number:** 035 - 592 0680

**Fax Number:** 035 - 592 0672

**Municipal Manager**

Mr. S.E Bukhosini

**Chief Financial Officer**

Mr. S.M Ndlovu

2011





**UMHLABUYALINGANA LOCAL MUNICIPALITY**

**REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA**

**30 JUNE 2011**

The report of the Auditor-General will be inserted after the audit.

**STATEMENT OF THE MUNICIPAL MANAGER'S RESPONSIBILITY**

**UMHLABUYALINGANA LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2011**

Umhlabuyalingana Municipality is situated at the Main Street of Manguzi Road, it is a Medium Capacity Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 of 1998 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

I am responsible for the preparation of these financial statements, which are set out on page 1 to 39 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed on note 10 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of the Public Office Bearers and the Minister of Provincial and Local Government's determination in accordance with this act.

.....  
**Mr. S.E Bukhosini**  
**Municipal Manager**

**31 August 2011**  
**Date**



**UMHLABUYALINGANA MUNICIPALITY**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
for the year ended 30 June 2011

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention. These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Properties
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Recognised Accounting Practices including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009 so as the provision in circular 18 of 2005 issued by National Treasury, the municipality will be fully compliant with GRAP standards in 30 June 2011. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below.

## 1.2 PRESENTATION CURRENCY

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

## 1.3 GOING CONCERN ASSUMPTION

The annual financial statements have been prepared on the assumption that the Municipality will continue to operate as a going concern for the next 12 months.

## 1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March
GRAP 23	Revenue from Non-Exchange Transactions - issued February
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July

## 2 PROPERTY, PLANT AND EQUIPMENT

### 2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

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

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

## 2.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. **Land** is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

## 2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure Assets</b>		<b>Other Assets</b>	
Roads and Paving	30 years	Buildings	30 years
Storm water Drainage	20 years	Specialist vehicles	10 years
<b>Community Assets</b>		Other vehicles	5 years
Buildings	30 years	Office equipment	3-7 years
Recreational Facility	20-30 years	Furniture and fittings	7-10 years
Security	5 years	Bins and containers	5 years
Community Halls	30 years	Specialised plant and equipment	10-15 years
Libraries	30 years	Landfill sites	15 years
Parks and gardens	10 years	Computer equipment	3 years
<b>Finance Lease Assets</b>			
Office equipment	4 years		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009 , with respect to the measurement of property , plant and equipment as set out in paragraph 73 to 83.

## 2.4 DERECOGNITION

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

### 3 INTANGIBLE ASSETS

#### 3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

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

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;

Intangible assets are initially recognised at cost.

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

Where an intangible asset 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.

#### 3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

#### 3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

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

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118..

#### 3.4 DERECOGNITION

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

#### **4 INVESTMENT PROPERTY**

##### **4.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

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

##### **4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

#### **5 NON-CURRENT ASSETS HELD FOR SALE**

##### **5.1 INITIAL RECOGNITION**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

##### **5.2 SUBSEQUENT MEASUREMENT**

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.



## **6 FINANCIAL INSTRUMENTS**

### **6.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

### **6.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

#### **6.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the

#### **6.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

#### **6.2.3 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

#### **6.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**7 UNAUTHORISED EXPENDITURE**

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

**8 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998), Division of Revenue Act of 2008 or is in contravention of the Municipality'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.

**9 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

**10 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned;- the principal locations affected - the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and when the plan will be implemented; and

(b) The municipality 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.

## 11 LEASES

### 11.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

### 11.2 MUNICIPALITY AS LESSOR

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to DE recognition and impairment of financial instruments are applied to lease receivables. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## 12 REVENUE

### 12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

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

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

### 12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

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

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

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

### 12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### **13 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

### **14 RETIREMENT CONTRIBUTIONS**

The municipality provides retirement contributions for its employees and Councillors. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits in accordance with the rules of the defined benefit funds it administers. Contributions are recognised as an expense in the statement of Financial Performance.

### **15 IMPAIRMENT OF ASSETS**

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

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

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

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

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

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

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

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

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

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalue asset is treated as a revaluation increase.

## 16 RESERVES

### 16.1 Government Grant Reserve

16.1.1 When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus/(deficit) to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Government Grant Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

16.1.2 When an item of property, plant and equipment financed from government grants is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus/(deficit).

### 16.2 Capitalisation Reserve

16.2.1 On the implementation of GAMAP/GRAP, the balance on certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus/(deficit) in terms of a directive (budget circular) issued by National Treasury. The purpose of this Reserve is to promote consumer equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus/(deficit).

## 17 Donations and Public Contributions Reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/(deficit) to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the Statement of Financial Performance in accordance with a directive (budget circular) issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/(deficit). The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

## 18 TRANSITIONAL PROVISIONS

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 12	Inventories - paragraphs 45-52
GRAP 13	Leases - paragraphs 55-60
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph
GRAP 102	Intangible Assets - paragraph 110-118























Umhlabuyalingana Local Municipality

Statement of financial position as at 30 June 2011

	Notes	2011	2010
		R	R
<b>Assets</b>			
<b>Current assets</b>		<b>57 477 981</b>	<b>9 545 578</b>
Trade and other receivables	<a href="#">05</a>	1 086 501	425 568
Trade and Receivable from exchange transactions	<a href="#">04</a>	607 862	-
Vat receivable	<a href="#">03</a>	888 382	727 200
Cash and cash equivalents	<a href="#">06</a>	54 895 236	8 392 809
<b>Non-current assets</b>		<b>68 936 510</b>	<b>72 327 931</b>
Property, plant and equipment	<a href="#">01</a>	68 681 125	71 775 457
Intangible	<a href="#">02</a>	255 385	552 474
<b>Total assets</b>		<b>126 414 491</b>	<b>81 873 509</b>
<b>Net assets and liabilities</b>			
<b>Current liabilities</b>		<b>42 881 930</b>	<b>14 731 115</b>
Trade and other payables	<a href="#">09</a>	7 950 596	5 263 010
Unspent Conditional Grants	<a href="#">10</a>	32 038 447	8 537 513
Current portion of lease liability	<a href="#">29</a>	39 286	19 672
Provisions	<a href="#">11</a>	2 853 601	910 920
<b>Non- Current Liabilities</b>		<b>195 077</b>	<b>135 634</b>
Lease Liability	<a href="#">29</a>	195 077	135 634
<b>Net assets</b>		<b>83 337 484</b>	<b>67 006 761</b>
Accumulated surplus	<a href="#">07</a>	83 337 484	67 006 761
<b>Total net assets and liabilities</b>		<b>126 414 491</b>	<b>81 873 509</b>





Umhlabuyalingana Local Municipality

Statement of financial performance for the year ended 30 June 2011

	Notes	2011	2010
		R	R
<b>Revenue</b>			
Property rates	<a href="#">12</a>	1 652 976	-
Interest earned-Investment and Main bank	<a href="#">13</a>	973 995	275 486
Fines, licences and permits	<a href="#">15</a>	1 126 045	1 293 959
Government grants and subsidies	<a href="#">16</a>	49 144 441	51 726 726
Donations received	<a href="#">14</a>	104 386	-
Other revenue	<a href="#">17.1</a>	876 359	175 005
Rental revenue	<a href="#">17.2</a>	32 844	52 964
<b>Total Revenue (A)</b>		<b>53 911 045</b>	<b>53 524 140</b>
<b>Expenditure (classified by nature)</b>			
Employee related costs	<a href="#">18</a>	10 118 859	10 337 924
Councillor remunerations	<a href="#">19</a>	4 447 882	4 468 906
Contracted Services	<a href="#">20.1</a>	62 863	-
Depreciation	<a href="#">20.2</a>	3 580 768	914 457
Repairs and maintenance	<a href="#">21</a>	234 152	799 591
Provision for bad debt	<a href="#">04</a>	236 652	-
Asset impairment		3 970 061	-
Debtors Impairment	<a href="#">05</a>	34 464	-
Provision for Rehabilitation of Site		1 788 982	-
Leave Expense		196 240	179 073
Interest and Penalties		-	231 727
Administration and other expenses	<a href="#">22</a>	6 984 312	11 259 544
<b>Total Expenditure (B)</b>		<b>31 655 234</b>	<b>28 191 222</b>
<b>Surplus/(Deficit) for the year (A-B)</b>		<b>22 255 811</b>	<b>25 332 918</b>

UMHLABUYALNGANA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2011						
	Donations and public contribution reserves	Government Grant reserve	Capitalisation Reserves	Accumulated surplus/(deficit)	Revaluation reserve	Total
	R	R	R	R	R	R
<b>Balance at 01 July 2009</b>	<b>15 038 057</b>	<b>25 601 191</b>	<b>11 268 039</b>	<b>(9 372 634)</b>	-	<b>42 534 653</b>
Surplus for the year	-	-	-	25 332 918	-	<b>25 332 918</b>
Grants used to purchase PPE	-	21 365 441	372 268	(21 737 708)	-	-
Offsetting depreciation	-	(6 661)	(907 796)	914 457	-	-
Donations and Public , Government grant and Capitalisation Reserve	(15 038 057)	(46 959 971)	(10 732 511)	72 730 538	-	-
Transfer to Accumulated Surplus	-	-	-	-	-	-
Asset disposal	-	-	-	-	-	-
Current year adjustment	-	-	-	(349 810)	-	<b>(349 810)</b>
Correction of prior period arrears(MIG)	-	-	-	2 548 316	-	<b>2 548 316</b>
Prior year Adjustment and adjustment to accumulated surplus	-	-	-	(5 925 088)	-	(5 925 088)
Correction of prior period arrears	-	-	-	(3 059 316)	-	<b>(3 059 316)</b>
<b>Balance at 30 June 2010</b>	-	-	-	<b>61 081 673</b>	-	<b>61 081 673</b>
Surplus for the year	-	-	-	22 255 811	-	22 255 811
Asset disposal	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	<b>83 337 484</b>	-	<b>83 337 484</b>

**UMHLABUYALNGANA LOCAL MUNICIPALITY**
**Cash flow statement for the year ended 30 June 2011**

	Note	2011	2010
		R	R
<b>Cash flow from operating activities</b>			
Cash received from consumers, government and other		52 937 050	56 072 456
Cash paid to suppliers and employees		(22 044 307)	(33 205 025)
<b>Cash generated from operations</b>	<b>31</b>	<b>30 892 743</b>	<b>23 781 888</b>
Dividends received			
Interest received		973 995	(275 486)
Interest paid			
<b>Net cash flow from operating activities</b>		<b>31 866 738</b>	<b>23 506 402</b>
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment		(10 084 844)	(21 716 321)
Proceeds on disposal of property, plant and equipment			
Additions to investment property			
Increase in investments		(7 146 207)	7 449 074
Increase in non-current receivables			
Decrease in call investment deposits			
<b>Net cash flow from investing activities</b>		<b>14 635 687</b>	<b>(14 267 247)</b>
<b>Cash flow from financing activities</b>			
Non-current liabilities raised			
Decrease in short-term loans			
<b>Net cash flow from financing activities</b>		<b>-</b>	
<b>Net cash flows for the year</b>		<b>46 502 426</b>	<b>9 239 155</b>
Cash and cash equivalents beginning of year		8 392 810	(846 346)
<b>Cash and cash equivalents end of year</b>		<b>54 895 236</b>	<b>8 392 810</b>







Tn Fn Dp Sc ItemSub Description

**APPROPRIATIONS**

1	10	5	5	17001	SURPLUS / (DEFICIT)	OPENING BALANCE
1	10	5	5	17002	SURPLUS / (DEFICIT)	NETT REV. & EXP
1	10	5	5	17011	PRIOR YEAR ADJUST	CORREC TION OF ERROR

**UDC 27 LOAN**

1	10	5	5	102001	UDC 27 LOAN	OPENING BALANCE
1	10	5	5	102002	UDC 27 LOAN RECEIVED	
1	10	5	5	102003	UDC 27 LOAN REDEEMED	
1	10	5	5	102004	UDC 27 LOAN WRITTEN OFF	

**PROVISION LEAVE**

1	10	5	5	313001	PROVISION: LEAVE	OPENIN G BALANCE
1	10	5	5	313002	PROVISION: LEAVE	CONTRI BUTION PROVISION
1	10	5	5	313003	PROVISION: LEAVE	EXPEND ITURE INCURRED

**PROVISION FOR BAD DEBT**

1	10	5	5	314001	PROVISION: BAD DEBT	OPENING BALANCE
1	10	5	5	314002	PROVISION: BAD DEBT	CONTRIBUTION PROVISION
1	10	5	5	314003	PROVISION: BAD DEBT	EXPENDITURE INCURRED

**PROVISION FOR REHABILITATION OF LAND FILL SITE**

1	10	5	5	320001	PROVISION: REHAB LAND	OPENING BALANCE
1	10	5	5	320002	PROVISION: REHAB LAND	CONTRIBUTION PROVISION
1	10	5	5	320003	PROVISION: REHAB LAND	EXPENDITURE INCURRED

1	10	5	5	351001	CREDITORS CONTROL	
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**DEBTORS VAT**

1	10	5	5	355001	VAT - DEBTORS	OPENIN G BALANCE
1	10	5	5	355002	VAT - DEBTORS	ACCRUA LS
1	10	5	5	355003	VAT - DEBTORS	RECEIP TS
1	10	5	5	355004	VAT - DEBTORS	JOURNA LS

**SALARIES CONTROL**

1	10	5	5	357002	SALARY CONTROL	OPENIN G BALANCE
1	10	5	5	357003	SALARY CONTROL	PAYROL L DEDUCTIONS
1	10	5	5	357004	SALARY CONTROL	AMOUNT PAID

**SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL**



1 10 5 5 358001 SALGBC OPENING BALANCE  
1 10 5 5 358002 SALGBC PAYROLL DEDUCTIONS  
1 10 5 5 358003 SALGBC AMOUNT PAID

**PAY AS YOU EARN**

1 10 5 5 359001 PAYE OPENING BALANCE  
1 10 5 5 359002 PAYE PAYROLL DEDUCTIONS  
1 10 5 5 359003 PAYE AMOUNT PAID

**PENSION DEDUCTIONS**

1 10 5 5 360001 PENSION DEDUCTIONS OPENING BALANCE  
1 10 5 5 360002 PENSION DEDUCTIONS PAYROLL DEDUCTIONS  
1 10 5 5 360003 PENSION DEDUCTIONS AMOUNT PAID

**MEDICAL AID CONTRIBUTIONS**

1 10 5 5 362001 MEDICAL CONTRIBUTIONS OPENING BALANCE  
1 10 5 5 362002 MEDICAL CONTRIBUTIONS PAYROLL DEDUCTIONS  
1 10 5 5 362003 MEDICAL CONTRIBUTIONS AMOUNT PAID

**CLEARANCE ACCOUNTS: CREDITORS**

1 10 5 5 370001 CREDITORS SUNDRY  
1 10 5 5 370002 ACCRUED EXPENSES  
1 10 5 5 370003 DEFERRED INCOME  
1 10 5 5 370004 PAYROLL - GARNISH  
1 10 5 5 370005 PAYROLL - UNIONS & MEMBERSHIP FEES  
1 10 5 5 370006 PAYROLL - COMMUNICATIONS  
1 10 5 5 370007 PAYROLL - SUNDRY ACCOUNT  
1 10 5 5 370008 LEASE LIABILITY  
1 10 5 5 370009 RETENTIONS

**FINANCIAL MANAGEMENT GRANT**

1 10 5 5 401001 FINANCE MANAGEMENT GRANT OPENING BALANCE  
1 10 5 5 401002 FINANCE MANAGEMENT GRANT CURRENT YEAR RECEIPTS  
1 10 5 5 401003 FINANCE MANAGEMENT GRANT RECOGNIZE INCOME

**MUNICIPAL INFRASTRUCTURE GRANT**

1 10 5 5 402001 MUN. INFRA GRANT OPENING BALANCE  
1 10 5 5 402002 MUN. INFRA GRANT CURRENT YEAR RECEIPTS  
1 10 5 5 402003 MUN. INFRA GRANT RECOGNIZE INCOME

**MAP GRANT**

1 10 5 5 403001 M A P OPENING BALANCE  
1 10 5 5 403002 M A P CURRENT YEAR RECEIPTS  
1 10 5 5 403003 M A P RECOGNIZE INCOME

**MSIG**

1 10 5 5 404001 MSIG OPENING BALANCE  
1 10 5 5 404002 MSIG CURRENT YEAR RECEIP TS  
1 10 5 5 404003 MSIG REGCONIZE INCOME

**LUMS**

1 10 5 5 405001 LUMS OPENING BALANCE  
1 10 5 5 405002 LUMS CURRENT YEAR RECEIP TS  
1 10 5 5 405003 LUMS REGCONIZE INCOME

**PROJECT CONSOLIDATE MANGUZI ROAD**

1 10 5 5 406001 PROJ CON MANGUZI RD OPEN ING BALANCE  
1 10 5 5 406002 PROJ CON MANGUZI RD CURR ENT YEAR RECEIPTS  
1 10 5 5 406003 PROJ CON MANGUZI RD REGC ONIZE INCOME

**SPATIAL DEVELOPMENT**

1 10 5 5 407001 SPATIAL DEVELOPMENT OPEN ING BALANCE  
1 10 5 5 407002 SPATIAL DEVELOPMENT CURR ENT YEAR RECEIPTS  
1 10 5 5 407003 SPATIAL DEVELOPMENT REGC ONIZE INCOME

**DEPARTMENT OF SPORT**

1 10 5 5 408001 DOS SPORTS FIELD OPENING BALANCE  
1 10 5 5 408002 DOS SPORTS FIELD CURRENT YEAR RECEIPTS  
1 10 5 5 408003 DOS SPORTS FIELD REGCONI ZE INCOME

**MBAZWANA AND MANGUZI BUSINESS HUBS**

1 10 5 5 409001 MBAZWANA MANGUZI HUBS OP ENING BALANCE  
1 10 5 5 409002 MBAZWANA MANGUZI HUBS CU RRENT YEAR RECEIPTS  
1 10 5 5 409003 MBAZWANA MANGUZI HUBS RE GCONIZE INCOME

**PROJECT CONSOLIDATED GRANT**

1 10 5 5 410001 PROJECT CONSOLIDATE GRAN T OPENING BALANCE  
1 10 5 5 410002 PROJECT CONSOLIDATE GRAN T CURRENT YEAR RECEIPTS  
1 10 5 5 410003 PROJECT CONSOLIDATE GRAN T REGCONIZE INCOME

**URBAN DEVELOPMENT**

1 10 5 5 411001 URBAN DEVELOPMENT OPENIN G BALANCE  
1 10 5 5 411002 URBAN DEVELOPMENT CURREN T YEAR RECEIPTS  
1 10 5 5 411003 URBAN DEVELOPMENT REGCON IZE INCOME

**DBSA DIRECTOR TECHNICAL**

1 10 5 5 412001 DBSA DIRECTOR TECHNICAL OPENING BALANCE  
1 10 5 5 412002 DBSA DIRECTOR TECHNICAL CURRENT YEAR RECEIPTS  
1 10 5 5 412003 DBSA DIRECTOR TECHNICAL REGCONIZE INCOME

**LIBRARY GRANT**

1 10 5 5 413001 LIBRARY GRANT OPENING BALANCE  
1 10 5 5 413002 LIBRARY GRANT CURRENT YEAR RECEIPTS  
1 10 5 5 413003 LIBRARY GRANT REGCONIZE INCOME

**MANZENGWENYA PROJECT**

1 10 5 5 414001 MANZENGWANYA PROJECT OPENING BALANCE  
1 10 5 5 414002 MANZENGWANYA PROJECT CURRENT YEAR RECEIPTS  
1 10 5 5 414003 MANZENGWANYA PROJECT REGCONIZE INCOME

**PHELANDABA DEVELOPMENT**

1 10 5 5 415001 PHELANDABA DEVELOPMENT OPENING BALANCE  
1 10 5 5 415002 PHELANDABA DEVELOPMENT CURRENT YEAR RECEIPTS  
1 10 5 5 415003 PHELANDABA DEVELOPMENT REGCONIZE INCOME

**NHLANGE RESTAURANT**

1 10 5 5 416001 NHLANGE RESTAURANT OPENING BALANCE  
1 10 5 5 416002 NHLANGE RESTAURANT CURRENT YEAR RECEIPTS  
1 10 5 5 416003 NHLANGE RESTAURANT REGCONIZE INCOME

**KWATEMBE CONCRETE PROJECT**

1 10 5 5 417001 KWA TEMBE CONCRETE PROJECT OPENING BALANCE  
1 10 5 5 417002 KWA TEMBE CONCRETE PROJECT CURRENT YEAR RECEIPTS  
1 10 5 5 417003 KWA TEMBE CONCRETE PROJECT REGCONIZE INCOME

**DC 27 SHARED SERVICE**

1 10 5 5 418001 DC 27 SHARED SERVICE OPENING BALANCE  
1 10 5 5 418002 DC 27 SHARED SERVICE CURRENT YEAR RECEIPTS  
1 10 5 5 418003 DC 27 SHARED SERVICE REGCONIZE INCOME

**DEPARTMENT OF ENERGY ELECTRIFICATION**

1 10 5 5 419001 DEP. ENERGY ELECTR. OPENING BALANCE  
1 10 5 5 419002 DEP. ENERGY ELECTR. CURRENT YEAR RECEIPTS  
1 10 5 5 419003 DEP. ENERGY ELECTR. REGCONIZE INCOME

**COGTA SMALL TOWN REHABILITATION**

1 10 5 5 420001 COGTA - SMALL TOWN REHAB OPENING BALANCE  
1 10 5 5 420002 COGTA - SMALL TOWN REHAB CURRENT YEAR RECEIPTS  
1 10 5 5 420003 COGTA - SMALL TOWN REHAB REGCONIZE INCOME

**COGTA GROUND NUTS**

1	10	5	5	421001	GROUND NUTS OPENING BALANCE
1	10	5	5	421002	GROUND NUTS CURRENT YEAR RECEIPTS
1	10	5	5	421003	GROUND NUTS RECOGNIZED INCOME

**VAT PAYABLE / RECEIVABLE**

1	10	5	5	876001	VAT-PAYABLE / RECEIVABLE OPENING BALANCE
1	10	5	5	876002	VAT-PAYABLE / RECEIVABLE DEBTORS RECEIPTS
1	10	5	5	876003	VAT-PAYABLE / RECEIVABLE CREDITORS PAYMENTS
1	10	5	5	876004	VAT-PAYABLE / RECEIVABLE RECEIVED FROM SARS
1	10	5	5	876005	VAT-PAYABLE / RECEIVABLE PAYMENT TO SARS

**BANK AND CASH**

1	10	5	5	951001	BANK GEN. ACC. OPENING BALANCE
1	10	5	5	951002	BANK GEN. ACC. INCOME
1	10	5	5	951003	BANK GEN. ACC. EXPENDITURE

**PROPERTY PLANT AND EQUIPMENT**

1	10	5	10	5998001	PROPERTY PLANT & EQUIPMENT
1	10	5	10	5998011	PPE ACCUMULATED DEPRECIATION

**INVESTMENTS**

1	10	5	10	6202001	INVESTMENT OPENING BALANCE
1	10	5	10	6202002	INVESTMENT MADE
1	10	5	10	6202003	INVESTMENT WITHDRAW
1	10	5	10	6202004	INVESTMENT INTEREST

**UDC 27 LOAN**

1	10	5	10	6752001	UDC 27 LOAN OPENING BALANCE
1	10	5	10	6752002	UDC 27 LOAN RECEIVED DURING YEAR
1	10	5	10	6752003	UDC 27 LOAN INTEREST ON LOAN
1	10	5	10	6752004	UDC 27 LOAN REDEEMED DURING YEAR
1	10	5	10	6752005	UDC 27 LOAN WRITTEN OFF DURING YEAR

**DEBTORS PROPERTY RATE: BUSINESS**

1	10	5	10	6853001	RATES BUSINESS OPENING BALANCE
1	10	5	10	6853002	RATES BUSINESS ACCRUALS
1	10	5	10	6853003	RATES BUSINESS RECEIPTS

1 10 5 10 6853004 RATES BUSINESS JOURNALS

**DEBTORS PROPERTY RATES: RESIDENTIALS**

1 10 5 10 6854001 RATES RESIDENTIAL OPENIN G BALANCE  
1 10 5 10 6854002 RATES RESIDENTIAL ACCRUA LS  
1 10 5 10 6854003 RATES RESIDENTIAL RECEIP TS  
1 10 5 10 6854004 RATES RESIDENTIAL JOURNA LS

**DEBTORS PROPERTY RATE: AGRICULTURE**

1 10 5 10 6855001 RATES AGRICULTURAL OPENI NG BALANCE  
1 10 5 10 6855002 H  
1 10 5 10 6855003 RATES AGRICULTURAL RECEI PTS  
1 10 5 10 6855004 RATES AGRICULTURAL JOURN ALS

**DEBTORS PROPERTY RATE: STATE TRUST**

1 10 5 10 6856001 RATES STATE TRUST OPENIN G BALANCE  
1 10 5 10 6856002 RATES STATE TRUST ACCRUA LS  
1 10 5 10 6856003 RATES STATE TRUST RECEIP TS  
1 10 5 10 6856004 RATES STATE TRUST JOURNA LS

**DEBTORS PROPERTY RATE : STATE OWNED**

1 10 5 10 6857001 RATES STATE OWNED OPENIN G BALANCE  
1 10 5 10 6857002 RATES STATE OWNED ACCRUA LS  
1 10 5 10 6857003 RATES STATE OWNED RECEIP TS  
1 10 5 10 6857004 RATES STATE OWNED JOURNA LS

**DEBTORS PROPERTY RATE : PUBLIC INFRASTRUCTURE**

1 10 5 10 6858001 RATES PUBLIC INFRASTRUCT OPENING BALANCE  
1 10 5 10 6858002 RATES PUBLIC INFRASTRUCT ACCRUALS  
1 10 5 10 6858003 RATES PUBLIC INFRASTRUCT RECEIPTS  
1 10 5 10 6858004 RATES PUBLIC INFRASTRUCT JOURNALS

**DEBTORS CONTROL ACCOUNT / CLEARANCE ACCOUNT**

1 10 5 10 6970001 BILLING INTEGR REJECT CONTROL  
1 10 5 10 6970002 BILLING INTEGR REJECT CONTRA  
1 10 5 10 6970003 VAT - CREDITORS  
1 10 5 10 6970004 DEBTORS EMPLOYEE OVERPAYMENT S57  
1 10 5 10 6970005 ACCRUED INCOME  
1 10 5 10 6970006 OTHER DEBTORS MIG  
1 10 5 10 6970007 CREDITORS OVERPAYMENT  
1 10 5 10 6970008 DEBTORS COUNCIL OVERPAYMENT

**PETTY CASH**

1 10 5 10 6991000 PETTY CASH

**CAPEX BUDGET & TREASURY OFFICE**

1 10 5 10 9230001 FINANCE - OFFICE FURNITURE  
1 10 5 10 9230004 FINANCE - COMPUTERS  
1 10 5 10 9230005 FINANCE - CAPITAL EXPENSES

**COMMUNITY AND SOCIAL SERVICES**

1 10 5 10 9270001 LIBRARY - OFFICE FURNITURE  
1 10 5 10 9270006 LIBRARY - COMPUTERS  
1 10 5 10 9270011 LIBRARY - RURAL WATER SUPPLY - PCG  
1 10 5 10 9270012 COMMUN SERV - OFFICE FURNITURE  
1 10 5 10 9270013 COMMUN SERV - VEHICLE  
1 10 5 10 9270015 COMMUN SERV - REFUSE TRUCK  
1 10 5 10 9270016 COMMUN SERV - SKIPS

**PUBLIC SAFETY**

1 10 5 10 9310001 TRAFFIC - OFFICE FURNITURE  
1 10 5 10 9310002 TRAFFIC - VEHICLE  
1 10 5 10 9310003 TRAFFIC STATION  
1 10 5 10 9310004 TRAFFIC - SAVELLIAN CAMERA

**PLANNING AND DEVELOPMENT**

1 10 5 10 9350001 TECH SERV - OFFICE FURNITURE  
1 10 5 10 9350002 TECH SERV - BACK-UP GENERATOR  
1 10 5 10 9350003 TECH SERV - VEHICLE  
1 10 5 10 9350004 TECH SERV - RURAL WATER SUPPLY - PCG  
1 10 5 10 9350005 LOCAL ECON - OFF ROAD PARKING  
1 10 5 10 9350006 LOCAL ECON - MANGUZI MARKET STALLS  
1 10 5 10 9350007 COUNCIL CHAMBER  
1 10 5 10 9350008 NJINJI ACCESS ROAD  
1 10 5 10 9350009 NGOZINI ACCESS ROAD  
1 10 5 10 9350010 NSUKUMBILI MANZIBOMVU ROAD  
1 10 5 10 9350011 KWAMASONDO ACCESS ROAD  
1 10 5 10 9350012 OQONDWENI OTSHWAYELO ACCESS ROAD  
1 10 5 10 9350013 REHABILITATION OF MANGUZI ROAD

**ELECTRICITY**

1 10 5 10 9410001 NATIONAL ELECTRIFICATION

**OTHER CAPEX**

1 10 5 10 9490001 MAHLAKWE - HALL  
1 10 5 10 9490002 MASIBAMBISANE COMMUNITY MARKET  
1 10 5 10 9490003 BHEKABANTU COMMUNITY HALL  
1 10 5 10 9490004 MPHAKATHINI COMMUNITY HALL  
1 10 5 10 9490005 URBAN DEVELOPMENT

1 10 5 10 9490006 CORRIDOR DEVELOPMENT - P HELANDABA  
1 10 5 10 9490007 MBAZWANA TOWN SERVICES  
1 10 5 10 9490009 FENCING OF DUMPSITES

Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal	YTD Credit Bal
(67 006 760.91)	14 988 780.83	(37 128 077.98)	-	(89 146 058.06)
-	55 940 948.83	(55 940 948.83)	-	-
-	-	-	-	-
<b>(67 006 760.91)</b>	<b>70 929 729.66</b>	<b>(93 069 026.81)</b>	-	<b>(89 146 058.06)</b>
(1 981 244.54)	-	-	-	(1 981 244.54)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>(1 981 244.54)</b>				<b>(1 981 244.54)</b>
(444 547.98)	-	-	-	(444 547.98)
-	-	(155 336.83)	-	(155 336.83)
-	-	-	-	-
<b>(444 547.98)</b>	-	<b>(155 336.83)</b>	-	<b>(599 884.81)</b>
-	286 700.61	(523 352.30)	-	(236 651.69)
-	810 052.91	(810 052.91)	-	-
-	1 880 293.74	(1 880 293.74)	-	-
-	<b>2 977 047.26</b>	<b>(3 213 698.95)</b>	-	<b>(236 651.69)</b>
(466 371.68)	-	-	-	(466 371.68)
-	-	(1 788 982.33)	-	(1 788 982.33)
-	-	-	-	-
<b>(466 371.68)</b>	-	<b>(1 788 982.33)</b>	-	<b>(2 255 354.01)</b>
-	35 314 457.07	(37 364 566.02)	-	(2 050 108.95)
-	-	-	-	-
-	-	(5 120.27)	-	(5 120.27)
-	221.05	-	221.05	-
-	-	(548.84)	-	-
-	<b>221.05</b>	<b>(5 669.11)</b>		<b>(5 448.06)</b>
-	2 509 965.18	(2 490 770.97)	19 194.21	-
-	516 418.85	(22 735 212.48)	-	(22 218 793.63)
-	22 199 599.42	-	22 199 599.42	-
-	<b>25 225 983.45</b>	<b>(25 225 983.45)</b>	-	



-	-	-	-	-
-	-	(17 579.20)	-	(17 579.20)
-	17 579.20	-	17 579.20	-
-	<b>17 579.20</b>	<b>(17 579.20)</b>	-	
-	-	-	-	-
-	-	(2 662 787.15)	-	(2 662 787.15)
-	2 662 787.15	-	2 662 787.15	-
-	<b>2 662 787.15</b>	<b>(2 662 787.15)</b>	-	
-	79 512.34	(92 546.01)	-	(13 033.67)
-	172 781.89	(871 955.29)	-	(699 173.40)
-	788 802.54	(92 249.53)	696 553.01	-
-	<b>1 041 096.77</b>	<b>(1 056 750.83)</b>	<b>(15 654.06)</b>	
-	-	-	-	-
-	7 827.03	(419 020.23)	-	(419 020.23)
-	426 847.26	-	426 847.26	-
-	<b>434 674.29</b>	<b>(419 020.23)</b>	<b>15 654.06</b>	
(3 025 624.15)	3 265 953.04	(942 096.80)	-	(701 767.91)
(256 141.44)	77 076.34	-	-	(179 065.10)
-	80.14	(100.00)	-	(19.86)
-	101 285.03	(101 285.03)	-	-
-	238 287.52	(238 287.52)	-	-
-	314 330.09	(314 330.09)	-	-
-	127 556.47	(191 486.47)	-	(63 930.00)
(155 305.59)	34 977.01	(114 035.09)	-	(234 363.67)
-	-	(2 528 462.70)	-	(2 528 462.70)
<b>(3 437 071.18)</b>	<b>4 159 545.64</b>	<b>(4 430 083.70)</b>		<b>(3 707 609.24)</b>
(1 512 124.04)	-	-	-	(1 512 124.04)
-	-	(1 201 100.00)	-	(1 201 100.00)
-	1 506 132.72	(121 700.23)	1 098 371.57	-
<b>(1 512 124.04)</b>	<b>1 506 132.72</b>	<b>(1 322 800.23)</b>		<b>(1 328 791.55)</b>
(2 548 316.38)	-	-	-	(2 548 316.38)
-	-	(16 238 000.00)	-	(16 238 000.00)
-	8 669 128.74	-	8 669 128.74	-
<b>(2 548 316.38)</b>	<b>8 669 128.74</b>	<b>(16 238 000.00)</b>		<b>(10 117 187.64)</b>
(758 263.00)	-	-	-	(758 263.00)
-	-	-	-	-
-	366 276.04	(172 498.84)	193 777.20	(71 478.00)

<b>(758 263.00)</b>	<b>366 276.04</b>	<b>(172 498.84)</b>		<b>(564 485.80)</b>
(124 621.19)	-	-	-	(124 621.19)
-	-	(750 000.00)	-	(750 000.00)
-	879 724.03	(101 020.84)	778 703.19	-
<b>(124 621.19)</b>	<b>879 724.03</b>	<b>(851 020.84)</b>		<b>(95 918.00)</b>
(100 000.00)	-	-	-	(100 000.00)
-	-	-	-	-
-	-	-	-	-
<b>(100 000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(100 000.00)</b>
(665 669.11)	-	-	-	(665 669.11)
-	-	-	-	-
-	-	-	-	-
<b>(665 669.11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(665 669.11)</b>
(43 000.00)	-	-	-	(43 000.00)
-	-	-	-	-
-	-	-	-	-
<b>(43 000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43 000.00)</b>
(809 868.30)	-	-	-	(809 868.30)
-	-	-	-	-
-	-	-	-	-
<b>(809 868.30)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(809 868.30)</b>
(160 000.00)	-	-	-	(160 000.00)
-	-	-	-	-
-	-	-	-	-
<b>(160 000.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(160 000.00)</b>
(213 344.94)	-	-	-	(213 344.94)
-	-	-	-	-
-	-	-	-	-
<b>(213 344.94)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(213 344.94)</b>
(907 195.00)	-	-	-	(907 195.00)
-	-	-	-	-
-	-	-	-	-
<b>(907 195.00)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(907 195.00)</b>

0.14	-	(0.14)	-	-
-	-	-	-	-
-	-	-	-	-
<b>0.14</b>	-	<b>(0.14)</b>	-	-
(22 500.00)	-	-	-	(22 500.00)
-	-	(1 415 807.00)	-	(1 415 807.00)
-	1 296 649.04	(212 550.72)	1 084 098.32	-
<b>(22 500.00)</b>	<b>1 296 649.04</b>	<b>(1 628 357.72)</b>	-	<b>(354 208.68)</b>
(7 500.00)	-	-	-	(7 500.00)
-	-	-	-	-
-	-	-	-	-
<b>(7 500.00)</b>	-	-	-	<b>(7 500.00)</b>
(364 600.00)	-	-	-	(364 600.00)
-	-	-	-	-
-	-	-	-	-
<b>(364 600.00)</b>	-	-	-	<b>(364 600.00)</b>
(5 600.00)	-	-	-	(5 600.00)
-	-	-	-	-
-	-	-	-	-
<b>(5 600.00)</b>	-	-	-	<b>(5 600.00)</b>
(86 110.50)	-	-	-	(86 110.50)
-	-	-	-	-
-	-	-	-	-
<b>(86 110.50)</b>	-	-	-	<b>(86 110.50)</b>
(208 800.00)	-	(80.00)	-	(208 800.00)
-	-	-	-	-
-	208 880.00	-	208 880.00	-
<b>(208 800.00)</b>	<b>208 880.00</b>	<b>(80.00)</b>	-	-
-	-	-	-	-
-	-	(9 000 000.00)	-	(9 000 000.00)
-	-	-	-	-
-	-	<b>(9 000 000.00)</b>	-	<b>(9 000 000.00)</b>
-	-	-	-	-
-	-	(6 500 000.00)	-	(6 500 000.00)
-	1 292 135.02	(530 721.51)	761 413.51	-

-	1 292 135.02	(7 030 721.51)		(5 738 586.49)
-	-	-	-	-
-	-	(2 000 000.00)	-	(2 000 000.00)
-	1 028 902.23	(505 283.40)	523 618.83	
-	<b>1 028 902.23</b>	<b>(2 505 283.40)</b>		<b>(1 476 381.17)</b>

727 046.99	-	-	727 046.99	-
-	-	-	-	-
-	918 405.62	-	918 405.62	-
-	-	(1 880 648.26)	-	(1 880 648.26)
-	-	-	-	-
<b>727 046.99</b>	<b>918 405.62</b>	<b>(1 880 648.26)</b>		<b>(235 195.65)</b>

856 713.30	-	-	856 713.30	-
-	82 922 969.67	(83 443.84)	82 839 525.83	-
-	1 416.50	(42 391 441.90)	-	(42 390 025.40)
<b>856 713.30</b>	<b>82 924 386.17</b>	<b>(42 474 885.74)</b>	<b>41 306 213.73</b>	

			<b>41 306 213.73</b>	<b>(132 256 002.19)</b>
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77 296 169.48	10 236 127.97	(250 603.95)	87 281 693.50	-
(4 968 238.96)	234 303.95	(9 740 160.29)	-	(14 474 095.30)
<b>72 327 930.52</b>	<b>10 470 431.92</b>	<b>(9 990 764.24)</b>	<b>72 807 598.20</b>	

7 535 754.37	-	-	7 535 754.37	-
-	10 123 780.38	(71.00)	10 123 709.38	-
-	71.00	(5 050 768.50)	-	(5 050 697.50)
-	558 941.39	(8 164.32)	542 683.75	-
<b>7 535 754.37</b>	<b>10 682 792.77</b>	<b>(5 059 003.82)</b>	<b>13 159 543.32</b>	

-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

-	-	-	-	-
-	547 326.72	(29 308.37)	518 018.35	-
-	-	(148 970.93)	-	(148 970.93)

-	105 750.00	(50 818.35)	-	-
-	<b>653 076.72</b>	<b>(229 097.65)</b>	<b>423 979.07</b>	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	250 775.24	(102 666.08)	148 109.16	-
-	-	-	-	-
-	-	(132 867.04)	-	(132 867.04)
-	<b>250 775.24</b>	<b>(235 533.12)</b>	<b>15 242.12</b>	
-	-	-	-	-
-	660 546.16	(220 796.08)	439 750.08	-
-	-	(102 666.08)	-	(102 666.08)
-	-	-	-	-
-	<b>660 546.16</b>	<b>(323 462.16)</b>	<b>337 084.00</b>	
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	864 166.68	(30 716.68)	833 450.00	-
-	-	(674 991.16)	-	(674 991.16)
-	-	(90 250.00)	-	(90 250.00)
-	<b>864 166.68</b>	<b>(795 957.84)</b>	<b>68 208.84</b>	
-	-	-	-	-
-	-	-	-	-
153.15	2 443 195.38	(1 314 322.71)	1 129 025.82	-
417 396.00	131 036.85	(131 036.85)	417 396.00	-
6 352.19	-	-	6 352.19	-
1 820.44	-	-	1 820.44	-
-	5 042.85	-	5 042.85	-
-	798 840.00	(108 487.00)	690 353.00	-
<b>425 721.78</b>	<b>3 378 115.08</b>	<b>(1 553 846.56)</b>	<b>2 249 990.30</b>	
341.65	20 000.00	(20 154.20)	31.67	-

	<b>341.65</b>	<b>20 000.00</b>	<b>(20 154.20)</b>	<b>187.45</b>	
-	-	-	-	-	-
-	129 279.20	-	-	129 279.20	-
-	-	-	-	-	-
-	<b>129 279.20</b>	-	-	<b>129 279.20</b>	-
-	52 950.00	(0.01)	-	52 949.99	-
-	10 500.00	-	-	10 500.00	-
-	-	-	-	-	-
-	38 788.00	-	-	38 788.00	-
-	-	-	-	-	-
-	1 015 300.00	-	-	1 015 300.00	-
-	-	-	-	-	-
-	<b>1 117 538.00</b>	<b>(0.01)</b>	-	<b>1 117 537.99</b>	-
-	63 775.36	-	-	63 775.36	-
-	239 819.96	-	-	239 819.96	-
-	-	-	-	-	-
-	92 400.00	-	-	92 400.00	-
-	<b>395 995.32</b>	-	-	<b>395 995.32</b>	-
-	-	-	-	-	-
-	28 725.81	-	-	28 725.81	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	216 416.84	-	-	216 416.84	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	<b>245 142.65</b>	-	-	<b>245 142.65</b>	-
-	-	-	-	-	-
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**132 256 002.19 (132 256 002.19)**











(90 949 788.46)

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

01 Property Plant and Equipment	Land and buildings	Roads & Water	Assets under construction	Vehicles	Finance Leased	Plant & Equipment	Total
	R	R	R	R	R	R	R
Year ended 01 July 2011	28 496 498	22 852 536	23 042 904	807 203	162 783	3 339 567	75 701 490
Cost at the beginning of the year	(2 952 423)	(5 840 158)	-	(278 927)	(8 139)	(1 459 565)	(10 639 212)
Accumulated Depreciation	23 544 075	17 012 378	23 042 904	428 276	154 644	1 880 001	68 962 278
Carrying amount at beginning of year	-	-	-	1 266 120	114 035	483 708	1 822 863
Acquisitions	-	-	8 261 981	-	-	-	8 261 981
Capital Under Construction ( WIP )	-	-	-	-	-	-	-
Provision for Landfill Site	(1 628 698)	(2 341 363)	-	-	-	-	(3 970 061)
Impairment	-	-	-	-	-	-	-
Disposals	(958 459)	(1 944 943)	-	(165 046)	(55 364)	(371 755)	(3 495 607)
Depreciation charge	-	-	-	-	-	-	-
Carrying amount at end of year	20 585 879	12 726 072	31 304 885	1 518 350	213 316	1 961 954	68 681 125
At 30 June 2011							
Carrying amount	20 585 879	12 726 072	31 304 885	1 518 350	213 316	1 961 954	68 681 125
Cost at the end of the year	28 496 498	22 852 536	31 304 885	2 082 523	276 818	3 783 275	86 796 335
Accumulated depreciation	(7 910 619)	(10 126 464)	-	(564 173)	(63 502)	(1 821 321)	(18 104 979)
Disposal Analysis							
Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-

1.1 Fully depreciated assets still in use

They are 339 assets that have been fully depreciated but are still in use. The municipality will dispose them within twelve months.

02 INTANGIBLE ASSETS

Intangible Assets- Municipality	Cost/ Valuation	2011 Accumulated Amortisation	Carrying Value	Cost / Valuation	2010 Accumulated Amortisation	Carrying Value
Computer Software	594 696	(254 150)	340 546	594 696	(28 743)	565 954
Reconciliation of intangible assets - 2011	Opening balance	Addition	Amortisation	Total		
Computer Software	340 546	-	(85 161)	255 385		
Reconciliation of intangible assets - 2010	Opening balance	Addition	Amortisation	Total		
Computer Software	565 953	-	(13 480)	552 474		

03 VAT RECEIVABLE

VAT receivable	888 382	727 200
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UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

04	Trade and Receivable from exchange transaction	Gross Balance R	Provision for doubtful Debts R	Net Balance R
	<b>Trade receivables</b>			
	as at 30 June 2011			
	Service debtors	844 514	(236 652)	607 862
	Rates	-	-	-
	<b>Total</b>	<b>844 514</b>	<b>(236 652)</b>	<b>607 862</b>
	as at 30 June 2010			
	Service debtors	-	-	-
	Rates	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Rates: Ageing</b>		2011	2010
	Current (0 – 30 days)		81 447	-
	31 - 60 Days		79 052	-
	61 - 90 Days		78 052	-
	91 - 120 Days		70 611	-
	121 - 365 Days		636 352	-
	+ 365 Days		-	-
	<b>Total</b>		<b>844 514</b>	<b>-</b>
	<b>Summary of Debtors by Customer Classification</b>		Industrial / Commercial R'000	National and Provincial Government R'000
	as at 30 June 2011			
	Current (0 – 30 days)		38 558	42 888
	31 - 60 Days		35 192	42 860
	61 - 90 Days		35 192	42 860
	91 - 120 Days		35 192	35 420
	121 - 365 Days		279 846	256 506
	+ 365 Days		-	-
	Sub-total		<b>423 979</b>	<b>429 535</b>
	Less: Provision for doubtful debts		(118 326)	(118 326)
	<b>Total debtors by customer classification</b>		<b>305 653</b>	<b>302 209</b>
	as at 30 June 2010			
	Current (0 – 30 days)		-	-
	31 - 60 Days		-	-
	61 - 90 Days		-	-
	91 - 120 Days		-	-
	121 - 365 Days		-	-
	+ 365 Days		-	-
	Sub-total		-	-
	Less: Provision for doubtful debts		-	-
	<b>Total debtors by customer classification</b>		<b>-</b>	<b>-</b>
	<b>05 Trade and other receivables</b>	2011	2010	
	Re-embursive overpayments	417 396	417 396	
	M&G	-	-	
	Other	6 863	1 820	
	Debtors overpayment Clrns	690 363	-	
	Accrued Income	6 352	6 352	
	Less Debtors Impairment	(1 120 864)	(425 568)	
		(34 464)	-	
	<b>Total</b>	<b>1 086 500.59</b>	<b>425 568.41</b>	

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

<b>06</b>	<b>Cash and Cash equivalent</b>	<b>2011</b>	<b>2010</b>
	Petty Cash	187	342
	Current account: First National Bank Hluhluwe branch	41 735 505	856 713
	Call account: First National Bank Hluhluwe branch	870 963	845 604
	Money Market account: First National Bank Hluhluwe branch	1 148 462	1 105 338
	Money Market account: First National Bank Hluhluwe branch	650 173	5 547 470
	32 Days Notice account: First National Bank Hluhluwe branch	10 451 193	-
	32 Days Notice account: Standard Bank Empangeni branch	14 875	14 444
	32 Days Notice account: Ned Bank Richards Bay	22 899	22 899
		<u>54 895 236</u>	<u>8 392 810</u>
<b>06.1</b>	<b>Current account (Primary Account)</b>		
	<b>First National Bank Hluhluwe branch - 6205236408</b>		
	Cash book balance at beginning of year	856 713	-
	Cash book balance at end of year	<u>41 735 505</u>	<u>856 713</u>
	Bank statement balance at beginning of year		
	Bank statement balance at end of year		
	<b>Call Account</b>		
	<b>First National Bank Hluhluwe branch - 6205516146</b>		
	Cash book balance at beginning of year	845 604	1040
	Cash book balance at end of year	<u>870 963</u>	<u>845 604</u>
	Bank statement balance at beginning of year	845 604	1 040
	Bank statement balance at end of year	<u>870 963</u>	<u>845 604</u>
	<b>Call Account</b>		
	<b>First National Bank Hluhluwe branch - 62217154351</b>		
	Cash book balance at beginning of year	1 105 338	16 285
	Cash book balance at end of year	<u>1 148 462</u>	<u>1 105 338</u>
	Bank statement balance at beginning of year	1 105 338	16 285
	Bank statement balance at end of year	<u>1 148 462</u>	<u>1 105 338</u>
	<b>Call Account</b>		
	<b>First National Bank Hluhluwe branch - 6226899825</b>		
	Cash book balance at beginning of year	5 547 470	-
	Cash book balance at end of year	<u>650 173</u>	<u>5 547 470</u>
	Bank statement balance at beginning of year	5 547 470	-
	Bank statement balance at end of year	<u>650 173</u>	<u>5 547 470</u>
	<b>Call Account</b>		
	<b>First National Bank Hluhluwe branch - 7427529516</b>		
	Cash book balance at beginning of year	-	-
	Cash book balance at end of year	<u>10 451 193</u>	<u>-</u>
	Bank statement balance at beginning of year	10 451 193	-
	Bank statement balance at end of year	<u>10 451 193</u>	<u>-</u>
	<b>Call Account</b>		
	<b>Standard Bank - Empangeni Branch - 068824491</b>		
	Cash book balance at beginning of year	14 444	13 888
	Cash book balance at end of year	<u>14 875</u>	<u>14 444</u>
	Bank statement balance at beginning of year	14 444	13 888
	Bank statement balance at end of year	<u>14 875</u>	<u>14 444</u>
	<b>Call Account</b>		
	<b>Ned Bank - Richards Bay Branch - 28702097</b>		
	Cash book balance at beginning of year	22 899	-
	Cash book balance at end of year	<u>23 877</u>	<u>22 899</u>
	Bank statement balance at beginning of year	22 899	-
	Bank statement balance at end of year	<u>23 877</u>	<u>22 899</u>
<b>07</b>	<b>Accumulated Surplus/Deficit</b>	<b>2011</b>	<b>2010</b>
	Accumulated surplus (deficit) at the beginning of the year	61 081 673	(9 372 634)
	Operating surplus (deficit) for the year	22 255 811	25 332 918
	Grants used to purchase PPE	-	(21 737 708)
	Appropriations for the year:		
	Donations and Public, Government grant and Capitalization Reserve Transfer to Accumulated Surplus	-	72 730 538
	Prior year Adjustments	-	2 548 316
	Prior year Adjustments	-	(5 905 086)
	Prior year Adjustments	-	(3 450 126)
	<b>Accumulated Surplus / (deficit) before transfers</b>	<u>83 337 484</u>	<u>60 167 216</u>
	Depreciation	-	914 457
	<b>Accumulated surplus / (deficit) for the year</b>	<u><b>83 337 484</b></u>	<u><b>61 081 673</b></u>
<b>08</b>	<b>Long Term Liabilities</b>	<b>2011</b>	<b>2010</b>
	Long term portion for long term liability	-	-
<b>09</b>	<b>Trade and other Payables</b>	<b>2011</b>	<b>2010</b>
	Trade creditors	5 989 351	2 263 412
	Short term portion of long term liabilities	1 981 245	1 300 830
	Long term liabilities	-	660 415
	Leave accrued to former employees	-	179 073
	Jozi mpa	-	505 232
	Accrued expenses	-	101 787
		<u>7 950 596</u>	<u>5 051 749</u>





UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

10	2011	2010
<b>Unspent Conditional Grants</b>		
<b>National Government Grants Capital</b>		
<b>Municipal Infrastructure</b>		
Opening balance	2 568 316	-
Add receipt during the year	16 238 000	19 709 142
Less transfer to operating income	(8 669 129)	(17 160 826)
Closing balance	<u>10 137 187</u>	<u>2 548 316</u>
<b>Department of Energy : Electricity</b>		
Opening balance	-	-
Add receipt during the year	9 000 000	-
Less transfer to operating income	-	-
Closing balance	<u>9 000 000</u>	<u>-</u>
<b>National Government Grants Operating</b>		
<b>Municipal Systems Improvement Grant</b>		
Opening balance	124 621	43 275
Add receipt during the year	750 000	735 000
Less transfer to operating income	(779 793)	(653 653)
Closing balance	<u>95 918</u>	<u>124 622</u>
<b>Financial Management Grant</b>		
Opening balance	1 512 124	585 735
Add receipt during the year	1 200 000	1 740 000
Less transfer to operating income	(1 383 352)	(813 611)
Closing balance	<u>1 328 772</u>	<u>1 512 124</u>
<b>Provincial Government Grants Capital</b>		
<b>Project Consolidate Mangazi</b>		
Opening balance	665 669	3 300 000
Add receipt during the year	-	-
Less transfer to operating income	-	(2 634 331)
Closing balance	<u>665 669</u>	<u>665 669</u>
<b>Department of Sport</b>		
Opening balance	809 868	375 000
Add receipt during the year	-	913 500
Less transfer to operating income	-	(479 614)
Closing balance	<u>809 868</u>	<u>809 886</u>
<b>Project Consolidate Khiphimbazo</b>		
Opening balance	213 345	213 345
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>213 345</u>	<u>213 345</u>
<b>Urban Development Grant</b>		
Opening balance	907 195	907 195
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>907 195</u>	<u>907 195</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
<b>COGTA: Small town rehabilitation</b>		
Opening balance	-	-
Add receipt during the year	6 500 000	-
Less transfer to operating income	<u>(781 414)</u>	-
Closing balance	<u>5 728 586</u>	-
<b>Provincial Government Grants Operating</b>		
<b>Spatial Development</b>		
Opening balance	43 000	43 000
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>-</u>
Closing balance	<u>43 000</u>	<u>43 000</u>
<b>DBSA Technical Director</b>		
Opening balance	-	213 414
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>(213 414)</u>
Closing balance	<u>-</u>	<u>-</u>
<b>Library Grant</b>		
Opening balance	22 500	19 725
Add receipt during the year	1 415 807	80 000
Less transfer to operating income	<u>(1 084 098)</u>	<u>(87 225)</u>
Closing balance	<u>354 209</u>	<u>22 500</u>
<b>Manazengwenya Project</b>		
Opening balance	7 500	7 500
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>-</u>
Closing balance	<u>7 500</u>	<u>7 500</u>
<b>Phelandaba Development Grant</b>		
Opening balance	364 600	625 000
Add receipt during the year	-	48 106
Less transfer to operating income	<u>-</u>	<u>(308 506)</u>
Closing balance	<u>364 600</u>	<u>364 600</u>
<b>Nhlange Lake Restaurant</b>		
Opening balance	5 600	5 600
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>-</u>
Closing balance	<u>5 600</u>	<u>5 600</u>
<b>KwaTembe Concrete Project</b>		
Opening balance	86 111	86 111
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>-</u>
Closing balance	<u>86 111</u>	<u>86 111</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
<b>Municipal Assistance Programme</b>		
Opening balance	758 263	950 000
Add receipt during the year	-	-
Less transfer to operating income	(191 777)	(191 737)
Closing balance	<u>566 486</u>	<u>758 263</u>
<b>Mbazwana and Manguzi Hubs</b>		
Opening balance	160 000	160 000
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>160 000</u>	<u>160 000</u>
<b>COGTA: Ground Nuts</b>		
Opening balance	-	-
Add receipt during the year	2 000 000	-
Less transfer to operating income	(623 618)	-
Closing balance	<u>1 476 381</u>	<u>-</u>
<b>Land Use Management Grant</b>		
Opening balance	100 000	100 000
Receipt during the year	-	-
Transfer to operating income	-	-
Closing balance	<u>100 000</u>	<u>100 000</u>
<b>Grants from District Municipality</b>		
<b>DC 27 Shared Services</b>		
Opening balance	208 880	208 800
Add receipt during the year	-	-
Less transfer to operating income	(208 880)	-
Closing balance	<u>-</u>	<u>208 800</u>
<b>TOTAL UNSPENT GRANTS</b>	<u>32 038 447</u>	<u>8 537 531</u>
<b>11 Current Provisions</b>		
Landfill Sites	2 255 304	466 372
Staff Leave provision	699 247	441 548
	<u>2 954 551</u>	<u>910 920</u>
<b>12 Property Rates</b>	2011	2010
The Valuation came into effect on:	01/07/2010	
<b>Rebates</b>		
Agricultural Properties	75%	-
Pensioners	75%	-
Public Benefit Organisation	75%	-
Sporting Bodies	75%	-
Developed residential properties Value of R 55 000 and less		

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010	
<b>Rebate on Phasing In</b>			
Business, commercial and industrial	75%	-	
Agricultural properties	75%	-	
State Trust Land	75%	-	
State owned properties	75%	-	
Public infrastructure	75%	-	
<b>Income for gone</b>			
Residential properties	-	-	
<b>Actual Revenue Recognises</b>			
Business, Commercial and Industrial	467 200	-	
State owned properties	633 450	-	
State trust Land	337 084	-	
Agricultural	15 242	-	
<b>Total property rates</b>	<u>1 452 976</u>	<u>-</u>	
<b>Valuations (01 July 2009 to 30 June 2013)</b>			
Business, Commercial and Industrial	93 440 000	93 440 000	
State owned properties	177 255 000	177 255 000	
State trust Land	67 349 976	67 349 976	
Agricultural	93 548 528	93 548 528	
<b>Total property Valuations</b>	<u>431 543 504</u>	<u>431 543 504</u>	

<b>13 Interest earned - External Investments</b>			
Banks	973 995	275 468	
Other	-	-	
	<u>973 995</u>	<u>275 468</u>	

<b>14 Donation Received</b>			
Donation received	104 386	-	
	<u>104 386</u>	<u>-</u>	

<b>15 Fines, Licences and Permits</b>			
Traffic Fines	41 900	47 600	
Learns Licence Income	1 100 850	1 245 359	
	<u>1 142 750</u>	<u>1 292 959</u>	

	2011	2010	
<b>16 Government grants and Subsidies</b>			
Equitable Share	35 750 369	29 184 792	
MIG	8 669 129	17 160 826	
Financial Management Grant	1 363 232	813 611	
Municipal Systems Improvement Grant	778 703	653 653	
DBSA technical director	-	213 413	
Library Grant	1 084 068	67 225	
Phelindaba Development	-	308 506	
Municipal Assistant Programme	153 777	151 737	
Project consolidation/ Mangos Roads	-	2 654 331	
Department of Sport (Sport Ground)	-	478 632	
Small Town Rehabilitation	701 414	-	
Ground Nuts	523 619	-	
	<u>49 144 441</u>	<u>51 726 726</u>	

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

17 Rental revenue and other revenues

	2011	2010
<b>17.1 Other Revenue</b>		
Library income	3 132	745
Tender Monies	25 239	5 000
Sundry income	847 987	169 260
	<u>876 358</u>	<u>175 005</u>

17.2 Rental Revenue

IEC	20 343.75	18 964
Park homes	12 500.00	19 000
Boston Inn	-	15 000
	<u>32 843.75</u>	<u>52 964</u>

18 Employee Related Cost

<b>Remuneration of the Municipal Manager</b>		
Annual remuneration	514 160	508 364
Performance bonus	-	-
Re-imbursive Travel	41 989	-
Cell phone allowance	15 300	13 200
Less cost included in other expenses	(41 989)	-
LfI & sdi contribution	6 170	4 388
	<u>535 630</u>	<u>525 952</u>

Remuneration of the Chief Financial Officer

Annual Remuneration	384 957	249 565
Performance bonus	-	-
Re-imbursive Travel	6 043	-
Cell phone allowance	5 500	6 600
Less cost included in other expenses	(6 043)	-
LfI contribution	3 232	2 872
	<u>393 699</u>	<u>259 037</u>

Remuneration of Director Corporate Services

Annual remuneration	244 462	436 882
Performance bonus	-	-
Re-imbursive Travel	1 458	-
Cell phone allowance	5 500	13 200
Less cost included in other expenses	(1 458)	-
LfI contribution	1 952	5 476
	<u>251 914</u>	<u>455 558</u>

Remuneration of Director Community Services

Annual remuneration	280 069	459 876
Performance bonus	-	-
Re-imbursive Travel	1 638	-
Cell phone allowance	7 700	13 200
Less cost included in other expenses	(1 638)	-
LfI contribution	3 857	5 434
	<u>291 626</u>	<u>478 510</u>

Remuneration of Director Technical Services

Annual remuneration	339 452	254 651
Performance bonus	-	-
Re-imbursive Travel	-	-
Cell phone allowance	8 800	13 200
Less cost included in other expenses	-	-
LfI contribution	4 606	1 957
	<u>352 858</u>	<u>269 808</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

	2011	2010
<b>Remuneration for Director Local Economic Development</b>		
Annual remuneration	-	273 172
Performance bonus	-	-
Re-imbursive Travel	-	-
Cell phone allowance	-	7 700
Less cost included in other expenses	-	-
Lif contribution	-	3 123
	<u>-</u>	<u>283 995</u>
<b>Remuneration of Staff Members</b>		
Salary and Wages	6 738 262	9 030 948
13th Cheque bonus	484 376	487 750
Overtime	20 789	55 185
Subsistence and Travelling	62 658	600 939
Contributions: LIF	121 869	-
: Group Life	114 997	-
: Medical Aid	227 027	764 041
: Pension	585 711	-
Less cost included in other expenses	(62 008)	(604 100)
	<u>8 289 151</u>	<u>10 337 624</u>
<b>19 Remuneration of councillors</b>		
Mayor's allowance	274 465	277 097
Deputy mayor's allowance	176 227	223 672
Speaker's allowance	217 962	223 672
Exco allowance	601 894	630 945
Councillors allowance	3 177 335	3 113 520
	<u>4 447 883</u>	<u>4 468 906</u>
<b>20 Contracted Services and Depreciation</b>		
<b>Contracted Services</b>		
20.1 Contracted Services	62 863	55 557
	<u>62 863</u>	<u>55 557</u>
20.2 Depreciation		
Property, Plant & Equipment	3 580 768	922 595
	<u>3 580 768</u>	<u>922 595</u>
<b>21 Repairs and Maintenance</b>		
Computers	41 126	31 998
Financial system	26 664	64 714
Buildings	52 243	132 451
Municipal accommodation	1 041	28 568
Municipal access roads	-	252 147
Vehicles	78 141	132 461
Civil and engineering	34 837	157 262
	<u>234 152</u>	<u>799 591</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

22 NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 ( Continued )

Administration Expenses		
Advertising	136 921	112 356
Youth day, Civic, Grants & donations, Poverty, Schools programme	-	140 019
Committee expense	33 919	185 993
Entertainment and Function	-	37 485
Public participation	7 080	68 080
Audit committee Fees	147 605	51 083
External Audit	868 356	763 927
Internal Audit	337 502	464 362
Skills Development Levies	128 522	128 090
Substance and Travel	158 448	654 580
Cell phone expense	18 000	56 000
Bank Charges	20 905	58 231.86
Printing and Stationery	203 447	203 986.44
Interest Expense	59 547	231 000.00
Rental software	292 471	228 651.20
Financial Management	33 882	563 191
Property rates	20 685	180 000
Insurance	101 796	356 987
Legal Fees	1 028 544	869 214
Membership and Subscription	107 205	76 000
Postage and telephone	387 688	523 524
Trainings	120 561	95 075
office machine rental	103 358	228 344
Security	543 442	634 920
HR Systems Plan	54 702	92 000
Cleaning Expenses	50 212	42 504
Website	17 809	15 471
Water and Electricity	161 308	118 427
Map	169 980	191 737
PMU	61 782	-
Conferences	12 753	3 000
Uniform	475	576
Books/Periodicals	3 745	-
Refuse removal	135 660	294 364
Fuel and Oil	289 811	227 456.76
Transit costs	37 574	25 036.16
Traffic establishment	-	291 106.95
Consultant Fees	-	719 299.09
Free Basic energy	-	534 455.00
Sport and recreation	-	438 366.56
Vet Specialist	-	629 299.09
Performance Management	-	95 075.00
Card Production	81 148	38 937.81
IDP review	15 766	534 455.00
Settlement fees	349 647	-
Gazette	95 000	-
Shared Services for Planners	460 768	-
Community Participation	81 100	-
Ground News	28 197	-
<b>Total</b>	<b>6 984 312</b>	<b>11 259 544</b>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

23	Capital Commitment	2011	2010
	Mangazi Road	-	665 669
	Manaba Sport field	809 888	-
	Municipal Council Chamber	3 970 002	-
	Mbazwana Town Services	7 136 923	-
	Traffic Station	1 922 266	-
	Mahlabave Community Hall	55 744	-
	Bhekabakus Community Hall	283 216	-
	Electricity Project	9 000 000	-
	<b>Total</b>	<b>23 198 319</b>	<b>665 669</b>

Note: The above projects have all been contracted

24	Fruitless & Wasteful Expenditure	2011	2010
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance	5 472 925	11 458
	Fruitless and wasteful expenditure current year	-	5 461 467
	Condoned or written off by Council	-	-
	Waiting for recovery	5 472 925	5 472 925

25	Reconciliation of Irregular expenditure	2011	2010
	Opening balance	10 380 889	7 552 187
	Irregular expenditure (S.E. Manqele)	-	2 500 358
	Irregular expenditure	-	322 344
	Irregular expenditure current year (Anderson and Vogt Project Manager)	730 484	-
	Irregular expenditure current year (Seshaj Attorneys)	822 374	-
	Condoned or written off by Council	-	-
	Waiting for recovery	11 933 747	10 380 889

26 ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

26.1	Audit Fees	2011	2010
	Opening Balance	-	-
	Current year audit fees	868 356	1 251 722
	Amount paid	(868 356)	(1 251 722)
	Balance unpaid (included in payables)	-	-

26.2	PAYE, UIF and SDL	2011	2010
	Opening balance	-	-
	Current year payroll deduction	2 501 930	2 571 276
	Amount paid current year	(2 461 594)	(2 571 276)
	Balance unpaid ( included in payables)	40 345.62	-

26.3	Pension and Medical Aid Deductions	2011	2010
	Opening balance	-	-
	Current year payroll deduction and Council Contribution	1 208 819	1 084 530
	Amount paid - current year	(1 208 819)	(1 084 530)
	Balance unpaid ( included in payables)	-	-

26.4 Deviation for Supply Chain Management

Suppliers	Reason for deviation	2011 Amount R	2010 Amount R
Ensemble Trading	Fire was burning in the distribution board.	2 907	-
Gijma Technologies	Software did not work as a result of Viruses .	17 992	-
Amalawu Security Service	Contracted Security Company were suspended for investigation and municipal properties were to be secured, Amalawu security service were appointed on the temporal basis.	51 500	-

27 **Employee Benefits**  
The Municipal employees belong to Natal Joint Municipal Pension Fund and Municipal Council Pension Fund, contributed amounts are paid over to the above mentioned Institutions, the Municipality has no contribution or liability after the Employee has left the Municipality.

28 Correction of prior period errors

The comparatives for 2011-10 have been restated in respect of the following :-	2011	2010
28.1 Error arising in accounting for unspent condition grant (MIG)		
Mig unspent grant as previously reported	-	(58 697)
Differences between MIG records Vs. AFS 2007/08	-	(1 560 954)
Musas Construction NOK exhausted	-	(471 023)
Interest for sum set beach Trading	-	(7 222)
Under claim from contractor Soenic Route	-	19 207
Under claim from the contractor Musas Construction	-	3 439
Ziyisweka Trading NOK exhausted	-	(64 671)
KwaNgwanase road difference on expenditure claim	-	(245 910)
Council chamber difference on expenditure claim	-	(143 884)
Restated balance at 30 June 2010	-	<b>(2 548 310)</b>



UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 ( Continued )

<b>28.2 Error arising in accounting for VAT</b>	<b>2011</b>	<b>2010</b>
VAT as previously reported	-	1 308 584
Vat set off accumulated surplus	-	(561 537)
<b>Restated balance at 30 June 2010</b>	<b>-</b>	<b>727 047</b>

<b>28.3 Error arising in accounting for Accrued Creditors</b>		
Sundry creditors previously reported		(2 944 950)
Lease rental July 2010	-	5 075
Mig Liability to constructors	-	(18 207)
Mig Liability to constructors	-	(3 439)
James Construction not provided on the creditors	-	(48 435)
Jozini not raised as creditor at year end 2010	-	(10 509)
Sita not raised as a creditor at year end 2010	-	(5 692)
<b>Restated balance at 30 June 2010</b>	<b>-</b>	<b>(3 025 624)</b>

<b>28.4 Error arising in accounting for Accumulated depreciation</b>		
Accumulated depreciation previously reported	-	4 444 088
Back log depreciation	-	5 505 088
	<b>-</b>	<b>10 369 176</b>

29 FINANCE LEASE LIABILITY

<b>2011</b>			
<b>Amounts payable under finance leases</b>	<b>Minimum lease payment R'000</b>	<b>Future finance charges R'000</b>	<b>Present value of minimum lease payments R'000</b>
Within one year			
Within two to five years	100 344	61 058	39 286
	331 560	137 463	105 077
Less: Amount due for settlement within 12 months (current portion)	<u>431 854</u>	<u>197 520</u>	<u>234 364</u>
			<u>39 286</u>
			<u>195 077</u>
The average lease term is 5 years and the average effective borrowing rate is 2.4%.			

<b>2010</b>			
<b>Amounts payable under finance leases</b>	<b>Minimum lease payment R'000</b>	<b>Future finance charges R'000</b>	<b>Present value of minimum lease payments R'000</b>
Within one year			
Within two to five years	55 632	35 960	19 672
	299 650	72 986	135 024
Less: Amount due for settlement within 12 months (current portion)	<u>264 252</u>	<u>108 846</u>	<u>155 306</u>
			<u>19 672</u>
			<u>135 024</u>
The average lease term is 5 years and the average effective borrowing rate is 2%.			

30 CONTINGENT LIABILITY

The Municipality is involved in a civil case against Manqele and Luthuli. The council is contesting the claim based on the legal advice.

<b>2011</b>	<b>2010</b>
<u>350 000.00</u>	<u>-</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011 (Continued)

31 Note to the cash flow statement	2011	2010
Deficit for the year	22 256 811	25 332 918
adjustment for		
depreciation	3 580 788	914 457
asset impairment	3 970 061	-
Debtors Impairment	34 464	-
Provision for Rehabilitation of Site	1 788 982	-
Interest Income	973 995	275 486
finance cost	-	-
changes in working capital		
inventory	-	-
other debtor	(696 396)	(232 630)
prepayment	-	-
consumer debtor	(607 862)	-
vat receivable	101 182)	(655 979)
trade an other payable	2 320 647	4 136 751
vat payable	-	-
unspent grant movement	(4 511 864)	(5 989 215)
provisions	1 944 319	-
taxes payable	-	-
	<b>30 892 743</b>	<b>23 781 888</b>

**UMHLABUYALINGANA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011**

REVENUE	2011		2011		2011		2011	Variance	%	Explanation of Significant Variance greater than 10 % versus Budget
	Actual	R	Budget	R	R	R				
Property rates	1 652 976		994 000		658 976				66%	Estimate was incorrectly calculated
Interest earned	973 995		762 570		211 425				28%	High percentage of investment of conditional grants.
Donations received	104 386		-		104 386				0%	
Fines, licences and permits	1 126 045		937 730		188 315				20%	More booking then estimated.
Government grants and subsidies	49 144 441		79 168 004		-30 023 563				-38%	Conditional Grant were not spent
Other revenue	876 359		15 000		861 359				5742%	Income recognised from overpayment made to councillors.
Rental revenue	32 844		39 815		-6 971				-18%	Tenant did pay their account in full.
	<b>53 911 045</b>		<b>81 917 119</b>		<b>-28 006 074</b>					
<b>Expenditure</b>										
Employee related costs	10 118 859		12 683 092		-2 564 233				-20%	Resignation of two Senior Manager, and general staff position not field.
Councillor remunerations	4 447 882		5 067 427		-619 545				-12%	Some councillors were expelled and Increments were not paid to Cllr
Contracted Services	62 863		93 952		-31 089				-33%	
Depreciation	3 580 768		915 000		2 665 768				291%	Back log depreciation as result of unbundling of assets.
Repairs and maintenance	234 152		324 780		-90 628				-28%	
Bad Debt	236 652									First time for bad debts provision and there was not basis to calculate this
			<b>50 000</b>		186 652				373%	provision
Asset impairment	3 970 061		-		3 970 061				0%	
Debtors Impairment	34 464		-		34 464				0%	
Provision for Rehabilitation of Site	1 788 982		-		1 788 982				0%	
Leave provision	196 240		770 722		-574 482				-75%	The staff was forced to take leave to reduce the liability
Administration and other expenses	6 984 312		15 702 437		-8 718 125				-56%	Moratorium (by sec 139 of the constitution)
	<b>31 655 234</b>		<b>35 607 410</b>		<b>-3 952 176</b>					
	<b>22 255 811</b>		<b>46 309 709</b>		<b>-24 053 898</b>					

**UMHLABUYALINGANA MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT**  
**FOR THE YEAR ENDED 30 JUNE 2011**

DEPARTMENT	2011 Actual	2011 Under Construction	2011 Total Additions	2011 Budget	2011 Variance	2011 Variance %	Explanation of Significant Variance Greater than 10% versus Budget
	R	R	R	R	R	%	
Financial Services	336 187	-	336 187	1 370 000	1 033 813		The project under this department were committed but the service providers have not yet invoice the municipality.
Technical Services	-	8 261 981	8 261 981	30 565 161	22 303 180		Most of the projected were not implemented as a result of difficulties experience with project Managers and were move to the next financial year for implementation.
Community Services	1 320 347	-	1 320 347	2 853 868	1 533 521		The Municipal skip were not delivery as per the plan which had a large sum of budget in community services.
Traffic Services	118 617	-	118 617	125 000	6 383	5%	
Library Services	47 713	-	47 713	50 000	2 287	5%	
Local Economic Development	-	-	-	6 500 000	6 500 000		The project was delayed and was not 100% implemented in the financial year in question
	<b>1 486 676</b>	<b>8 261 981</b>	<b>10 084 844</b>	<b>41 464 029</b>	<b>31 379 185</b>		

**COUNCIL DEPARTMENT**

1	10	10	10	7922000	ALLOWANCE: CELLPHONE	-
1	10	10	10	7927000	ALLOWANCE: TRAVEL	-
						<hr/>
						-
1	10	10	10	7981000	ALLOWANCE: MAYOR	-
1	10	10	10	7982000	ALLOWANCE: EXCO MEMBERS	-
1	10	10	10	7983000	ALLOWANCE: COUNCILLORS	-
						<hr/>
						-
1	10	10	10	8413000	SKILLS DEVELOPMENT LEVY	-
1	10	10	10	8414000	SUBSTANCE & TRAVELLING	-
1	10	10	10	8436000	COMMITTEE EXPENSES	-
1	10	10	10	8440000	COMMUNITY PARTICIPATION	-
						<hr/>
						-

**TOTAL EXPENDITURE COUNCIL****MANAGEMENT DEPARTMENT****INCOME**

1	10	10	15	7401000	EQUITABLE SHARE	-
1	10	10	15	7403000	MSI GRANT	-
						<hr/>
						-
						<hr/>

**EMPLOYEE COST : SALARIES AND WAGES**

1	10	10	15	7902000	SALARIES	-
1	10	10	15	7903000	BONUS	-
1	10	10	15	7904000	OVERTIME	-
						<hr/>
						-

**EMPLOYEE COST : SOCIAL CONTRIBUTIONS**

1	10	10	15	7931000	CONTRIBUTION: GROUP LIFE INSURANCE	-
1	10	10	15	7933000	CONTRIBUTION: MEDICAL AID	-
1	10	10	15	7935000	CONTRIBUTION: PENSION FUND	-
1	10	10	15	7936000	CONTRIBUTION: U.I.F.	-
						<hr/>
						-

**GENERAL EXPENSES**

1	10	10	15	8401000	ADVERTISING	-
1	10	10	15	8402000	AUDIT COMMITTEE FEES	-
1	10	10	15	8403000	AUDIT FEES - EXTERNAL	-
1	10	10	15	8404000	AUDIT FEES - INTERNAL	-
1	10	10	15	8413000	SKILLS DEVELOPMENT LEVY	-
1	10	10	15	8414000	SUBSTANCE & TRAVELLING	-
1	10	10	15	8417000	CELLPHONE EXPENSES	-
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**LEAVE**

1	10	10	15	8902000	CONTR TO PROVISION LEAVE	-
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						-

**TOTAL EXPENDITURE MANAGEMENT**

**FINANCE DEPARTMENT**

**INCOME**

1 10 15 10 7101000 RENTAL INCOME OTHER	-
1 10 15 10 7151000 INTEREST : CURRENT ACCO UNT	-
1 10 15 10 7152000 INTEREST : INVESTMENT	-
1 10 15 10 7402000 FINANCE MANAGEMENT GRANT (FMG)	-
1 10 15 10 7403000 MSI GRANT	-
1 10 15 10 7407000 MAP GRANT	-
1 10 15 10 7501000 SUNDRY INCOME	-
1 10 15 10 7502000 TENDER DOCUMENT FEE	-
1 10 15 10 7504000 MPRA INCOME	-
1 15 15 10 7506000 DONATION RECEIVED	-
	<hr/>
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**EMPLOYEE COST SALARIES AND WAGES**

1 10 15 10 7902000 SALARIES	-
1 10 15 10 7903000 BONUS	-
	<hr/>
	-

**EMPLOYEE COST : SOCIAL CONTRIBUTIONS**

1 10 15 10 7933000 CONTRIBUTION: MEDICA L AID	-
1 10 15 10 7935000 CONTRIBUTION: PENSIO N FUND	-
1 10 15 10 7936000 CONTRIBUTION: U.I.F.	-
	<hr/>
	-

**DEPRECIATION**

1 10 15 10 8051000 DEPRECIATION	-
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**REPAIRS AND MAINTENANCE**

1 10 15 10 8072000 COMPUTERS	-
1 10 15 10 8079000 MAINTENANCE: FINANCIAL S YSTEM	-
	<hr/>
	-

**GENERAL EXPENSES**

1 10 15 10 8405000 BANK CHARGES	-
1 10 15 10 8412000 PRINTING & STATIONERY	-
1 10 15 10 8413000 SKILLS DEVELOPMENT LEVY	-
1 10 15 10 8414000 SUBSTANCE & TRAVELLING	-
1 10 15 10 8417000 CELLPHONE EXPENSES	-
1 10 15 10 8429000 FIXED ASSET REGISTER	-
1 10 15 10 8435000 HR SYSTEMS PLAN	-
1 10 15 10 8443000 RENTAL - SOTFWARE	-
1 10 15 10 8462000 INTEREST EXPENSE	-
1 10 15 10 8701000 FINANCE MANAGEMENT GRANT	-
1 10 15 10 8706000 PROPERTY RATES	-
1 10 15 10 8708000 REVIEW FINANCIAL POLICIE S	-
	<hr/>
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**LEAVE**

1 10 15 10 8902000 CONTR TO PROVISION LEAVE	-
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1 10 15 10 8904000 CONTR TO PROVISION BAD D EBT -

-

**TOTAL EXPENDITURE FINANCE**

-  
=

**CORPORATE SERVICES DEPARTMENT**

**EMPLOYEE COST : SALARIES AND WAGES**

1 10 20 10 7902000 SALARIES -

1 10 20 10 7903000 BONUS -

1 10 20 10 7904000 OVERTIME -

-

**EMPLOYEE COST : SOCIAL CONTRIBUTIONS**

1 10 20 10 7932000 CONTRIBUTION: BARGAI NING COUNCIL -

1 10 20 10 7933000 CONTRIBUTION: MEDICA L AID -

1 10 20 10 7935000 CONTRIBUTION: PENSIO N FUND -

1 10 20 10 7936000 CONTRIBUTION: U.I.F. -

-

**GENERAL EXPENSES**

1 10 20 10 8401000 ADVERTISING -

1 10 20 10 8408000 INSURANCE -

1 10 20 10 8409000 LEGAL EXPENSES -

1 10 20 10 8410000 MEMBERSHIP & SUBSCRIPTIO NS -

1 10 20 10 8411000 POSTAGE & TELEPHONE -

1 10 20 10 8412000 PRINTING & STATIONERY -

1 10 20 10 8413000 SKILLS DEVELOPMENT LEVY -

1 10 20 10 8414000 SUBSTANCE & TRAVELLING -

1 10 20 10 8415000 WORKMENS COMPENSATION AC T -

1 10 20 10 8416000 CAPACITY AND TRAINING -

1 10 20 10 8417000 CELLPHONE EXPENSES -

1 10 20 10 8427000 RENTAL - OFFICE MACHINER Y -

1 10 20 10 8428000 SECURITY -

1 10 20 10 8430000 STAFF BURSARIES -

1 10 20 10 8434000 WORKPLACE SKILLS PLAN & TRAINING -

1 10 20 10 8435000 HR SYSTEMS PLAN -

1 10 20 10 8437000 CLEANING EXPENSES -

1 10 20 10 8441000 CONSULTANTS FEE -

1 10 20 10 8450000 RENTAL - WEBSITE -

1 10 20 10 8451000 WATER AND ELECTRICITY -

1 10 20 10 8703000 MAP GRANT -

1 10 20 10 8713000 ARCHIVES & INT LIBRARY -

-

**LEAVE**

1 10 20 10 8902000 CONTR TO PROVISION LEAVE -

-

**TOTAL EXPENDITURE CORPORATE**

-  
=

**LIBRARY SERVICES**

**INCOME**

1 10 25 10 7410000 LIBRARY GRANT	-
1 10 25 10 7503000 LIBRARY INCOME	-
	<u>-</u>
<b>EMPLOYEE COST : SALARIES AND WAGES</b>	
1 10 25 10 7902000 SALARIES	-
1 10 25 10 7903000 BONUS	-
1 10 25 10 7904000 OVERTIME	-
	<u>-</u>
<b>EMPLOYEE COST : SOCIAL CONTRIBUTIONS</b>	
1 10 25 10 7935000 CONTRIBUTION: PENSIO N FUND	-
1 10 25 10 7936000 CONTRIBUTION: U.I.F.	-
	<u>-</u>
<b>REPAIRS AND MAINTENANCE</b>	
1 10 25 10 8071000 BUILDINGS	-
1 10 25 10 8074000 FURNITURE & FITTINGS	-
	<u>-</u>
<b>CONTRACTED SERVICES</b>	
1 10 25 10 8321000 CONTRACT SERVICES	-
	<u>-</u>
<b>GENERAL EXPENSES</b>	
1 10 25 10 8412000 PRINTING & STATIONERY	-
1 10 25 10 8413000 SKILLS DEVELOPMENT LEVY	-
1 10 25 10 8414000 SUBSTANCE & TRAVELLING	-
1 10 25 10 8419000 CONFERENCES	-
1 10 25 10 8432000 UNIFORMS	-
1 10 25 10 8438000 BOOKS PERIODICALS	-
1 10 25 10 8446000 RENTAL - LIBRARY	-
1 10 25 10 8447000 LIBRARY PROMOTION	-
1 10 25 10 8448000 CLEANING SERVICES	-
	<u>-</u>
<b>LEAVE</b>	
1 10 25 10 8902000 CONTR TO PROVISION LEAVE	-
	<u>-</u>
	<u>-</u>
	<u>-</u>
<b>COMMUNITY SERVICES</b>	
<b>INCOME</b>	
1 10 25 15 7251000 FINES : TRAFFIC	-
1 10 25 15 7301000 TRAFFIC INCOME	-
1 10 25 15 7302000 VEHICLE LICENCING INCOME	-
1 10 25 15 7410000 LIBRARY GRANT	-
1 10 25 15 7413000 MBAZWANA & MANGUZI HUB	-
1 10 25 15 7415000 NHLANGE LAKE RESTAURANT	-
1 10 25 15 7416000 MANZENGWENYA CULTURAL	-
1 10 25 15 7418000 KWA-TEMBE CONCRETE PROJE CT	-
	<u>-</u>
<b>EMPLOYEE COST : SALARIES AND WAGES</b>	
1 10 25 15 7902000 SALARIES	-
1 10 25 15 7903000 BONUS	-



1	10	25	15	7904000	OVERTIME	-
						<u>-</u>
						-
<b>EMPLOYEE COST : SOCIAL CONTRIBUTION</b>						
1	10	25	15	7933000	CONTRIBUTION: MEDICAL AID	-
1	10	25	15	7935000	CONTRIBUTION: PENSION FUND	-
1	10	25	15	7936000	CONTRIBUTION: U.I.F.	-
						<u>-</u>
						-
<b>REPAIRS AND MAINTENANCE</b>						
1	10	25	15	8078000	MAINTENANCE: PARK HOMES	-
1	10	25	15	8080000	MAINTENANCE: SPORT GROUND	-
						<u>-</u>
						-
<b>GENERAL EXPENSE</b>						
1	10	25	15	8413000	SKILLS DEVELOPMENT LEVY	-
1	10	25	15	8414000	SUBSTANCE & TRAVELLING	-
1	10	25	15	8417000	CELLPHONE EXPENSES	-
1	10	25	15	8420000	DISASTER MANAGEMENT	-
1	10	25	15	8429000	FIXED ASSET REGISTER	-
1	10	25	15	8440000	COMMUNITY PARTICIPATION	-
1	10	25	15	8449000	REFUSE REMOVAL	-
1	10	25	15	8454000	DISABLED PROGRAMMES	-
						<u>-</u>
						-
<b>LEAVE</b>						
1	10	25	15	8902000	CONTR TO PROVISION LEAVE	-
						<u>-</u>
						-
						<u><u>-</u></u>
						<u><u>-</u></u>
						-
<b>TRAFFIC DEPARTMENT</b>						
<b>INCOME</b>						
1	10	35	5	7251000	FINES : TRAFFIC	-
1	10	35	5	7301000	TRAFFIC INCOME	-
1	10	35	5	7302000	VEHICLE LICENCING INCOME	-
						<u>-</u>
						-
<b>EMPLOYEE COST : SALARIES AND WAGES</b>						
1	10	35	5	7902000	SALARIES	-
1	10	35	5	7903000	BONUS	-
1	10	35	5	7904000	OVERTIME	-
						<u>-</u>
						-
<b>EMPLOYEE COST : SOCIAL CONTRIBUTIONS</b>						
1	10	35	5	7933000	CONTRIBUTION: MEDICAL AID	-
1	10	35	5	7935000	CONTRIBUTION: PENSION FUND	-
1	10	35	5	7936000	CONTRIBUTION: U.I.F.	-
						<u>-</u>
						-
<b>GENERAL EXPENSE</b>						
1	10	35	5	8407000	FUEL & OIL	-
1	10	35	5	8411000	POSTAGE & TELEPHONE	-
1	10	35	5	8412000	PRINTING & STATIONERY	-
1	10	35	5	8413000	SKILLS DEVELOPMENT LEVY	-

1	10	35	5	8414000	SUBSTANCE & TRAVELLING	-
1	10	35	5	8416000	CAPACITY AND TRAINING	-
1	10	35	5	8420000	DISASTER MANAGEMENT	-
1	10	35	5	8426000	RELOCATION COSTS	-
1	10	35	5	8431000	TRANSIT COSTS	-
1	10	35	5	8432000	UNIFORMS	-
1	10	35	5	8437000	CLEANING EXPENSES	-
1	10	35	5	8444000	ESTABLISHMENT OF TRAFFIC	-
1	10	35	5	8451000	WATER AND ELECTRICITY	-
1	10	35	5	8452000	CARD PRODUCTION COSTS	-
						<hr/>
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**LEAVE**

1	10	35	5	8902000	CONTR TO PROVISION LEAVE	-
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**TOTAL EXPENDITURE TRAFFIC**

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**TECHNICAL SERVICES DEPARTMENT**

**INCOME**

1	10	50	10	7404000	URBAN DEVELOPMENT	-
1	10	50	10	7405000	SPATIAL DEVELOPMENT	-
1	10	50	10	7406000	LUMS	-
1	10	50	10	7409000	SPORT GROUND	-
1	10	50	10	7419000	CAPACITY BUILDING	-
1	10	50	10	7423000	CORRIDOR DEVELOPMENT	-
1	10	50	10	7424000	GROUND NUTS GRANT	-
1	10	50	10	7425000	SHARED SERVICES GRANT	-
1	10	50	10	7451000	MUNICIPAL INFRASTRUCTURE GRANT	-
1	10	50	10	7452000	INTERGRATED ELECTRIFICAT ION	-
1	10	50	10	7453000	PROJECT CONSOLIDATE - KH IPHIMBAZO WATER SCHEME	-
1	10	50	10	7454000	SMALL TOWN REHAB - MANGU ZI ROAD	-
						<hr/>
						-
						<hr/>

**EMPLOYEE COST : SALARIES AND WAGES**

1	10	50	10	7902000	SALARIES	-
1	10	50	10	7903000	BONUS	-
1	10	50	10	7904000	OVERTIME	-
						<hr/>
						-

1	10	50	10	7933000	CONTRIBUTION: MEDICA L AID	-
1	10	50	10	7935000	CONTRIBUTION: PENSIO N FUND	-
1	10	50	10	7936000	CONTRIBUTION: U.I.F.	-
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						-

**REPAIRS AND MAINTENANCE**

1	10	50	10	8071000	BUILDINGS	-
1	10	50	10	8075000	MOTOR VEHICLES	-
1	10	50	10	8076000	CIVIL & ENGINEERING	-
						<hr/>
						-

**GENERAL EXPENSES**

1	10	50	10	8407000	FUEL & OIL	-
1	10	50	10	8412000	PRINTING & STATIONERY	-
1	10	50	10	8413000	SKILLS DEVELOPMENT LEVY	-
1	10	50	10	8414000	SUBSTANCE & TRAVELLING	-
1	10	50	10	8417000	CELLPHONE EXPENSES	-
1	10	50	10	8422000	IDP REVIEW	-
1	10	50	10	8423000	IMPLEMENTATION PLAN - MB AZWANE	-
1	10	50	10	8424000	INFRASTRUCTURE PLAN	-
1	10	50	10	8432000	UNIFORMS	-
1	10	50	10	8433000	WASTE MANAGEMENT PLAN	-
1	10	50	10	8442000	SHARED SERVICES: PMS & T OWN PLANNING	-
1	10	50	10	8453000	FRAME WORK PLAN - MANGUZ I	-
1	10	50	10	8455000	SETTLEMENT	-
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1	10	50	10	8704000	SPATIAL DEVELOPMENT	-
1	10	50	10	8705000	LUMS GRANT	-
1	10	50	10	8719000	PMU	-
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LEAVE

1	10	50	10	8902000	CONTR TO PROVISION LEAVE	-
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**TOTAL EXPENDITURE TECHNICAL SERVICES**

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**LOCAL ECONOMIC DEVELOPMENT**

**INCOME**

1	10	50	15	7404000	URBAN DEVELOPMENT	-
1	10	50	15	7413000	MBAZWANA & MANGUZI HUB	-
1	10	50	15	7415000	NHLANGE LAKE RESTAURANT	-
1	10	50	15	7416000	MANZENGWENYA CULTURAL	-
1	10	50	15	7418000	KWA-TEMBE CONCRETE PROJE CT	-
1	10	50	15	7422000	COGTA - SMALL TOWN REHAB ITATION	-
1	10	50	15	7424000	GROUND NUTS GRANT	-
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**EMPLOYEE COST : SALARIES AND WAGES**

1	10	50	15	7902000	SALARIES	-
1	10	50	15	7903000	BONUS	-
						<hr/>

**EMPLOYEE COST : SOCIAL DEVELOPMENT**

1	10	50	15	7935000	CONTRIBUTION: PENSIO N FUND	-
1	10	50	15	7936000	CONTRIBUTION: U.I.F.	-
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**GENERAL EXPENSES**

1	10	50	15	8413000	SKILLS DEVELOPMENT LEVY	-
1	10	50	15	8414000	SUBSTANCE & TRAVELLING	-
1	10	50	15	8707000	MBAZWANA MANGUZI HUBS	-
1	10	50	15	8709000	MANZENGWANYA PROJECT	-
1	10	50	15	8710000	NHLANGE RESTAURANT	-
1	10	50	15	8711000	KWA TEMBE CONCRETE PROJE CT	-
1	10	50	15	8715000	GROUND NUT - MASHABANE	-

1	10	50	15	8716000	TOURISM DEVELOPMENT	-
1	10	50	15	8717000	GROUND NUTS - KWATEMBE	-
1	10	50	15	8718000	MANGUZI MARTET - GAZZEBO	-
1	10	50	15	8902000	CONTR TO PROVISION LEAVE	-
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						-

**TOTAL EXPENDITURE LED**

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225 739.08	-	259 968.55	-
911 567.24	-	1 046 976.03	-
<b>1 137 306.32</b>	-	<b>1 306 944.58</b>	-
178 533.22	-	198 369.33	-
617 649.81	-	712 212.13	-
1 938 527.16	-	2 230 356.21	-
<b>2 734 710.19</b>	-	<b>3 140 937.67</b>	-
36 603.38	-	42 091.15	-
5 594.07	-	5 594.07	-
33 919.33	-	33 919.33	-
7 080.00	-	7 080.00	-
<b>83 196.78</b>	-	<b>88 684.55</b>	-
<b>3 955 213.29</b>	-	<b>4 536 566.80</b>	-

-	(35 750 369.00)	-	(35 750 369.00)
-	(677 682.35)	-	(677 682.35)
-	(36 428 051.35)	-	(36 428 051.35)

1 219 627.82	(389.01)	1 219 238.81	-
52 849.97	-	52 849.97	-
3 921.67	-	3 921.67	-
<b>1 276 399.46</b>	<b>(389.01)</b>	<b>1 276 010.45</b>	-

114 997.04	-	114 997.04	-
31 114.80	-	31 114.80	-
18 735.60	-	18 735.60	-
6 907.69	-	6 907.69	-
<b>171 755.13</b>	-	<b>171 755.13</b>	-

9 802.93	-	9 802.93	-
147 605.20	-	147 605.20	-
868 356.43	-	868 356.43	-
337 502.25	-	337 502.25	-
12 638.11	-	12 638.11	-
113 828.22	-	113 828.22	-
12 500.00	-	12 500.00	-
<b>1 502 233.14</b>	-	<b>1 502 233.14</b>	-

8 911.00	-	8 911.00	-
<b>8 911.00</b>	-	<b>8 911.00</b>	-

<b>2 959 298.73</b>	<b>(389.01)</b>	<b>2 958 909.72</b>	<b>(36 428 051.35)</b>
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**7 495 476.52 (36 428 051.35)**

3 500.00	(36 343.75)	-	(32 843.75)
19 669.08	(319 035.83)	-	(299 366.75)
24 539.62	(699 168.07)	-	(674 628.45)
122 800.23	(1 506 132.72)	-	(1 383 332.49)
101 020.84	(202 041.68)	-	(101 020.84)
71 478.00	(265 255.20)	-	(193 777.20)
-	(847 987.48)	-	(847 987.48)
2 519.30	(27 757.89)	-	(25 238.59)
584 445.23	(2 237 421.35)	-	(1 652 976.12)
	(104 385.96)		(104 385.96)
<b>929 972.30</b>	<b>(6 245 529.93)</b>	<b>-</b>	<b>(5 315 557.63)</b>

1 848 987.93	(805.34)	<b>1 848 182.59</b>	-
82 859.15	-	<b>82 859.15</b>	-
<b>1 931 847.08</b>	<b>(805.34)</b>	<b>1 931 041.74</b>	-

38 407.80	-	<b>38 407.80</b>	-
147 366.75	-	<b>147 366.75</b>	-
11 161.50	-	<b>11 161.50</b>	-
<b>196 936.05</b>	-	<b>196 936.05</b>	-

3 580 767.97	-	3 580 767.97	-
<b>3 580 767.97</b>	-	<b>3 580 767.97</b>	-

42 245.24	(1 118.89)	41 126.35	-
28 148.67	(1 485.00)	26 663.67	-
<b>70 393.91</b>	<b>(2 603.89)</b>	<b>67 790.02</b>	-

20 905.46	-	<b>20 905.46</b>	-
2 865.75	-	<b>2 865.75</b>	-
18 639.57	-	<b>18 639.57</b>	-
41 255.79	-	<b>41 255.79</b>	-
5 500.00	-	<b>5 500.00</b>	-
-	-	-	-
-	-	-	-
292 471.46	-	<b>292 471.46</b>	-
59 546.51	-	<b>59 546.51</b>	-
33 881.85	-	<b>33 881.85</b>	-
20 685.18	-	<b>20 685.18</b>	-
-	-	-	-
<b>495 751.57</b>	-	<b>495 751.57</b>	-

- - - -

523 352.30	(286 700.61)	236 651.69	-
<b>523 352.30</b>	<b>(286 700.61)</b>	<b>236 651.69</b>	-
<b>6 799 048.88</b>	<b>(290 109.84)</b>	<b>6 508 939.04</b>	<b>(5 315 557.63)</b>

1 164 237.00	(53 804.40)	1 110 432.60	-
72 043.73	-	72 043.73	-
8 483.10	-	8 483.10	-
<b>1 244 763.83</b>	<b>(53 804.40)</b>	<b>1 190 959.43</b>	-

4 343.39	-	4 343.39	-
84 269.40	(9 632.40)	74 637.00	-
100 667.51	(5 188.72)	95 478.79	-
9 245.71	(626.58)	8 619.13	-
<b>198 526.01</b>	<b>(15 447.70)</b>	<b>183 078.31</b>	-

204 825.22	(77 707.50)	127 117.72	-
160 000.36	(58 203.95)	101 796.41	-
1 026 544.31	-	1 026 544.31	-
107 205.00	-	107 205.00	-
431 068.99	(43 381.29)	387 687.70	-
182 671.87	(6 877.29)	175 794.58	-
10 628.21	(527.10)	10 101.11	-
12 826.61	(5 500.00)	7 326.61	-
-	-	-	-
24 083.75	-	24 083.75	-
-	-	-	-
203 011.92	(99 654.00)	103 357.92	-
584 392.05	(40 950.00)	543 442.05	-
-	-	-	-
-	-	-	-
54 701.75	-	54 701.75	-
50 212.31	-	50 212.31	-
-	-	-	-
17 808.78	-	17 808.78	-
158 462.98	-	158 462.98	-
169 980.00	-	169 980.00	-
-	-	-	-
<b>3 398 424.11</b>	<b>(332 801.13)</b>	<b>3 065 622.98</b>	-

160 521.51	-	160 521.51	-
<b>160 521.51</b>	-	<b>160 521.51</b>	-

<b>5 002 235.46</b>	<b>(402 053.23)</b>	<b>4 600 182.23</b>	-
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212 550.72	(1 296 649.04)	-	(1 084 098.32)
-	(3 132.46)	-	(3 132.46)
<b>212 550.72</b>	<b>(1 299 781.50)</b>	-	<b>(1 087 230.78)</b>

779 562.51	-	779 562.51	-
45 659.76	-	45 659.76	-
-	-	-	-
<b>825 222.27</b>	-	<b>825 222.27</b>	-

17 785.32	-	17 785.32	-
7 327.97	-	7 327.97	-
<b>25 113.29</b>	-	<b>25 113.29</b>	-

10 878.80	-	10 878.80	-
8 916.00	(8 916.00)	-	-
<b>19 794.80</b>	<b>(8 916.00)</b>	<b>10 878.80</b>	-

62 862.57	-	62 862.57	-
<b>62 862.57</b>	-	<b>62 862.57</b>	-

-	-	-	-
8 160.59	-	8 160.59	-
11 014.63	(11 014.63)	-	-
12 752.90	-	12 752.90	-
475.00	-	475.00	-
3 745.04	-	3 745.04	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>36 148.16</b>	<b>(11 014.63)</b>	<b>25 133.53</b>	-

-	-	-	-
-	-	-	-
<b>944 027.80</b>	<b>(19 930.63)</b>	<b>949 210.46</b>	<b>(1 087 230.78)</b>

100.00	(100.00)	-	-
253 248.80	(253 248.80)	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<b>253 348.80</b>	<b>(253 348.80)</b>	-	-

1 917 611.04	(105 694.72)	1 811 916.32	-
119 918.30	-	119 918.30	-



-	-	-	-
<b>2 037 529.34</b>	<b>(105 694.72)</b>	<b>1 931 834.62</b>	-
33 228.00	-	33 228.00	-
174 592.64	-	174 592.64	-
17 012.59	(499.12)	16 513.47	-
<b>224 833.23</b>	<b>(499.12)</b>	<b>224 334.11</b>	-
16 242.81	(15 201.75)	1 041.06	-
-	-	-	-
<b>16 242.81</b>	<b>(15 201.75)</b>	<b>1 041.06</b>	-
19 616.81	(963.36)	18 653.45	-
24 499.82	(1 937.75)	22 562.07	-
-	-	-	-
-	-	-	-
-	-	-	-
81 100.00	-	81 100.00	-
143 530.28	(7 870.00)	135 660.28	-
-	-	-	-
<b>268 746.91</b>	<b>(10 771.11)</b>	<b>257 975.80</b>	-
-	-	-	-
-	-	-	-
<b>2 547 352.29</b>	<b>(132 166.70)</b>	<b>2 415 185.59</b>	-
		<b>3 364 396.05</b>	<b>(1 087 230.78)</b>
-	(41 900.00)	-	(41 900.00)
-	(1 100 849.85)	-	(1 100 849.85)
-	-	-	-
-	<b>(1 142 749.85)</b>	-	<b>(1 142 749.85)</b>
547 207.10	(500.00)	546 707.10	-
30 758.57	-	30 758.57	-
8 383.93	-	8 383.93	-
<b>586 349.60</b>	<b>(500.00)</b>	<b>585 849.60</b>	-
25 371.60	-	25 371.60	-
22 340.09	-	22 340.09	-
4 416.56	-	4 416.56	-
<b>52 128.25</b>	-	<b>52 128.25</b>	-
1 480.25	-	1 480.25	-
-	-	-	-
30 787.09	-	30 787.09	-
5 882.64	-	5 882.64	-

-	-	-	-
96 467.34	-	96 467.34	-
-	-	-	-
-	-	-	-
37 573.52	-	37 573.52	-
-	-	-	-
-	-	-	-
-	-	-	-
2 844.77	-	2 844.77	-
94 791.50	(13 644.00)	81 147.50	-
<b>269 827.11</b>	<b>(13 644.00)</b>	<b>256 183.11</b>	-
8 657.67	-	8 657.67	-
<b>8 657.67</b>	-	<b>8 657.67</b>	-
<b>916 962.63</b>	<b>(14 144.00)</b>	<b>902 818.63</b>	<b>(1 142 749.85)</b>

-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	(8 669 128.74)	-	(8 669 128.74)
-	-	-	-
-	-	-	-
-	-	-	-
-	<b>(8 669 128.74)</b>	-	<b>(8 669 128.74)</b>

824 090.73	-	824 090.73	-
40 427.50	-	40 427.50	-
-	-	-	-
<b>864 518.23</b>	-	<b>864 518.23</b>	-
23 799.60	-	23 799.60	-
54 236.28	-	54 236.28	-
4 676.47	-	4 676.47	-
<b>82 712.35</b>	-	<b>82 712.35</b>	-
41 364.12	-	41 364.12	-
79 557.07	(1 416.50)	78 140.57	-
34 937.08	-	34 937.08	-
<b>155 858.27</b>	<b>(1 416.50)</b>	<b>154 441.77</b>	-

248 330.49	-	248 330.49	-
-	-	-	-
8 458.52	-	8 458.52	-
5 623.37	-	5 623.37	-
-	-	-	-
16 003.24	(237.02)	15 766.22	-
-	-	-	-
-	-	-	-
-	-	-	-
460 768.00	-	460 768.00	-
-	-	-	-
349 646.64	-	349 646.64	-
<b>1 088 830.26</b>	<b>(237.02)</b>	<b>1 088 593.24</b>	-
-	-	-	-
-	-	-	-
61 781.90	-	61 781.90	-
<b>61 781.90</b>	-	<b>61 781.90</b>	-
19 787.52	-	19 787.52	-
<b>19 787.52</b>	-	<b>19 787.52</b>	-
<b>2 273 488.53</b>	<b>(1 653.52)</b>	<b>2 271 835.01</b>	<b>(8 669 128.74)</b>

281 393.01	(281 393.01)	-	-
-	-	-	-
-	-	-	-
-	-	-	-
249 328.50	(1 010 742.01)	-	(761 413.51)
505 283.40	(1 028 902.23)	-	(523 618.83)
<b>1 036 004.91</b>	<b>(2 321 037.25)</b>	-	<b>(1 285 032.34)</b>

438 426.74	-	438 426.74	-
39 859.29	-	39 859.29	-
<b>478 286.03</b>	-	<b>478 286.03</b>	-

55 450.02	-	55 450.02	-
43 628.97	-	43 628.97	-
<b>99 078.99</b>	-	<b>99 078.99</b>	-

4 897.28	-	4 897.28	-
3 258.45	-	3 258.45	-
-	-	-	-
-	-	-	-
-	-	-	-
39 196.94	-	39 196.94	-

-	-	-	-
-	-	-	-
95 000.00	-	95 000.00	-
-	-	-	-
<b>142 352.67</b>	-	<b>142 352.67</b>	-
<b>719 717.69</b>	-	<b>719 717.69</b>	<b>(1 285 032.34)</b>
		<b>25 863 365.17</b>	<b>-53 927 750.69</b>
			<b>(28 064 385.52)</b>

**UMHLABUYALINGANA LOCAL MUNICIPALITY**

**Appendix A**

**Schedule of External Loans as at 30 June 2011**

<b>External Loans</b>	<b>Loan Number</b>	<b>Redemption Date</b>	<b>Balance at 30/06/2010</b>	<b>Lease obligation initiated</b>	<b>Redeemed/ written off during the</b>	<b>Interest</b>	<b>Balance at 30/06/2010</b>
	-	-	-	-	-		-
Finance Lease Liability	Africa MPC6000 Copier	2015/01/03	155 306	-	55 644	35 960	135 622
Finance Lease Liability	Siemens PABX HIPATH 3550	2015/01/06	-	114 035	38 880	23 587	98 742
<b>TOTAL EXTERNAL LOANS</b>			<b>155 306</b>	<b>114 035</b>	<b>94 524</b>	<b>59 547</b>	<b>234 364</b>

**UMHLABUYALINGANA LOCAL MUNICIPALITY**  
Appendix B

Analysis of Property Plant and Equipment as at 30 June 2011

Description	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Closing Balance	
<b>Land and Buildings</b>										
Land	658 992			-	658 992					658 992
Buildings	25 837 487	-	31 304 886	-	57 142 373	2 952 423	958 499	1 628 697.60	5 539 619	51 602 754
	<b>26 496 480</b>	-	<b>31 304 886</b>		<b>57 801 365</b>	<b>2 952 423</b>	<b>958 499</b>		<b>5 539 619</b>	<b>52 261 747</b>
<b>Infrastructure</b>										
Municipal Roads	19 517 169		-	-	19 517 169	5 840 262	1 944 978	2 341 362.92	10 126 603	9 390 566
Water Supply & Regulation	3 335 364		-	-	3 335 364	-	-	-	-	3 335 364
	<b>22 852 533</b>	-			<b>22 852 533</b>	<b>5 840 262</b>	<b>1 944 978</b>	<b>2 341 362.92</b>	<b>10 126 603</b>	<b>12 725 930</b>
<b>Asset Under Construction</b>										
Sport Grounds	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Other</b>										
Plant and Equipment	3 339 567	453 708	-	-	3 793 275	1 459 565	371 755	-	1 831 321	1 961 954
Financed Leased Assets	162 783	114 035			276 818	8 139	55 364		63 503	213 316
Vehicles	807 203	1 255 120	-	-	2 062 323	379 166	165 046	-	544 212	1 518 110
	<b>4 309 553</b>	<b>1 822 863</b>	-	-	<b>6 132 416</b>	<b>1 846 871</b>	<b>592 165</b>	-	<b>2 439 036</b>	<b>3 693 380</b>
	<b>53 658 565</b>	<b>1 822 863</b>	<b>31 304 886</b>	-	<b>86 786 314</b>	<b>10 639 555</b>	<b>3 495 641</b>		<b>18 105 257</b>	<b>68 681 125</b>

Umhlabuyalingana Local Municipality  
Appendix C  
Segmental Analysis of Property Plant and Equipment as at 30 June 2011

Description	Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Closing Balance	
Technical	49 349 012	-			49 349 012	8 792 685	2 903 476	3 970 061	15 666 221	33 682 791
Finance and Admin	4 309 553	1 822 863	31 304 886	-	37 437 302	1 846 871	592 165	-	2 439 036	34 998 266
Community and Social Serv	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>53 658 565</b>	<b>1 822 863</b>	<b>31 304 886</b>	<b>-</b>	<b>86 786 314</b>	<b>10 639 555</b>	<b>3 495 641</b>	<b>3 970 061</b>	<b>18 105 257</b>	<b>68 681 125</b>

**UMHLABUYALINGANA LOCAL MUNICIPALITY**  
**APPENDIX D**  
**DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2011**

Actual Income 2011	Actual expenditure 2011	Surplus / (Deficit) 2011		Actual Income 2010	Actual expenditure 2010	Surplus / (Deficit) 2010
R	R	R		R	R	R
<b>53 911 046</b>	<b>31 655 235</b>	<b>22 255 811</b>	<b>Departments</b>	<b>53 524 141</b>	<b>28 191 223</b>	<b>25 332 918</b>
-	4 536 567	(4 536 567)	Executive & Council	-	5 183 842	(5 183 842)
36 428 051	4 747 892	31 680 160	Management	29 838 445	7 741 237	22 097 209
5 315 558	10 513 465	(5 197 907)	Finance	1 508 058	5 181 219	(3 673 161)
-	4 598 544	(4 598 544)	Corporate Services	-	2 619 067	(2 619 067)
8 669 129	2 271 835	6 397 294	Technical	20 317 077	2 046 530	18 270 547
1 126 045	902 819	223 226	Traffic Department	-	-	-
1 087 231	949 210	138 020	Library	87 970	738 188	(650 218)
-	2 415 186	(2 415 186)	Community Services	1 772 591	3 714 702	(1 942 112)
1 285 032	719 718	565 315	Local Economic Development	-	966 438	(966 438)
-	-	-	<b>Subsidised Services</b>	-	-	-
-	-	-	<b>Economic Services</b>	-	-	-
-	-	-	<b>Trading Services</b>	-	-	-
<b>53 911 046</b>	<b>31 655 235</b>	<b>22 255 811</b>	<b>Total</b>	<b>53 524 141</b>	<b>28 191 223</b>	<b>25 332 918</b>