

**UBUHLEBEZWE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**



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

**Annual Financial Statements**  
**for**  
**UBUHLEBEZWE MUNICIPALITY**

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**for the year ended 30 June: 2011**

Province: KwaZulu Natal

AFS rounding: R (i.e. only cents)

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**Contact Information:**

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Name of Municipal Manager: G M Sineke

Name of Chief Financial Officer: Mrs D Mohapi

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**UBUHLEBEZWE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information**

**MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY EXECUTIVE COUNCIL**

	<u>Previous Council</u>		<u>New Council</u>		
Mayor	N J Peterson	26/05/2011	ZD Nxumalo	26/05/2011	Full time
D/ Mayor	N C Vezi	18/05/2011	M E Mkhize	26/05/2011	Full time
Speaker	N H Mkhize	30/01/2011	N J Peterson	26/05/2011	
Speaker	M E Mkhize	1/02/2011 - 26/05/2011			
Exco	D W Khumalo	30/03/2011	EB Ngubo	26/05/2011	
Exco	B E Mdlalose	18/05/2011	WMQ Dlamini	26/05/2011	

**MEMBERS OF THE UBUHLEBEZWE MUNICIPALITY COUNCIL**

Councillor	T C Dlamini		T C Dlamini	
Councillor	S C Shezi		S C Shezi	
Councillor	B P Nzimande		B P Nzimande	
Councillor	M E Mkhize		M E Mkhize	
Councillor	S H Dlamini		S H Dlamini	
Councillor	M S Ngubo		M S Ngubo	
Councillor	ZD Nxumalo		Z V Shange	new 26/05/2011
Councillor	P B Mancini	18/05/2011	C M Ngubo	new 26/05/2011
Councillor	E M M Nzimande	18/05/2011	M C Ndlovu	new 26/05/2011
Councillor	EPN Pupuma	18/05/2011	D Ram	new 26/05/2011
Councillor	T R Ndlovu	18/05/2011	M C Sithole	new 26/05/2011
Councillor	F Ndlovu	18/05/2011	G J Ngcongco	new 26/05/2011
Councillor	N Jili	18/05/2011	T T Mkhize	new 26/05/2011
Councillor	M W Ngidi	18/05/2011	G P Nzimande	new 26/05/2011
Councillor	M J Mtshali	18/05/2011	G P Nzimande	new 26/05/2011
Councillor	V T Nene	18/05/2011	N M Mdunge	new 26/05/2011
Councillor	S P Bhengu	18/05/2011	T P Dlamini	new 26/05/2011
Councillor	N F Gutshwa	18/05/2011	H C Jili	new 26/05/2011
Councillor			C N Ntabeni	new 26/05/2011
Councillor			W S Tenza	new 26/05/2011

**UBUHLEBEZWE**  
**ANNUAL FINANCIAL STATEMENT**  
for the year ended 31 March 2014

**Acting Municipal Manager**

**Chief Financial Officer**

**Grading of Local Authority**

**Auditors**

**Bankers**

**Registered Office:**

**Physical address:**

**Postal address:**

**Telephone number:**

**Fax number:**

**E-mail address:**

**UBUHLEBEZWE MUNICIPALITY**  
**FINANCIAL STATEMENTS**  
ended 30 June 2011

Mrs D Mohapi

Grade 2

Auditor-General

First National Bank of South Africa Ixopo  
Account Number - 52552416194

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Ixopo  
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**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2011**

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**UBUHLEBEZWE MUNICIPALITY**  
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for the year ended 30 June 2011

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 54, 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 in note 21 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 Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*DATE 31 August 2011*

Tickmarks

^  
Afs  
Py

Casts  
Agreed to the AFS  
Agreed to prior year AFS



**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**STATEMENT OF FINANCIAL POSITION**

	Ref	Note	2011		2010
			R		R
<b>ASSETS</b>					
<b>Non-current assets</b>			<b>74 303 348</b>	Afs	<b>49 160 362</b>
Property, plant and equipment	J.1	2	69 960 066	Afs	44 566 931
Investment properties	J.12	2	4 343 282	Afs	4 343 282
Intangible assets	J.13	2a	-	Afs	127 851
Long-term receivables	J.2	4	-	Afs	122 298
<b>Current assets</b>			<b>40 153 723</b>	Afs	<b>46 321 006</b>
Trade Receivables from exchange transactions.	J.3	5	1 128 226	Afs	2 455 492
Trade Receivables from non-exchange transactions.	J.3	6	1 003 802	Afs	911 388
Value added taxation receivable from exchange transactions.	J.4	7	3 813 183	Afs	2 899 544
Call investment deposits	J.5	9	33 559 582	Afs	27 069 000
Bank balances and cash	J.5	10	648 930	Afs	12 985 583
<b>Total Assets</b>			<b>114 457 071</b>	Afs	<b>95 481 369</b>
			^		^
<b>LIABILITIES</b>					
<b>Non Current Liabilities</b>			<b>4 473 953</b>	Afs	<b>3 413 432</b>
Retirement Benefits	J.11	36.2	3 614 295	Afs	3 040 607
Non Current Lease Liability	J.14	27	859 658	Afs	372 825
<b>Current liabilities</b>			<b>12 486 047</b>	Afs	<b>25 653 033</b>
Creditors	J.6	12	5 958 354	Afs	3 720 738
Unspent conditional grants and receipts	J.7	13	6 309 990	Afs	21 842 190
Current portion of lease liability	J.14	27	217 703	Afs	90 105
<b>Total Liabilities</b>			<b>16 960 000</b>	Afs	<b>29 066 465</b>
			^		^
<b>Total Assets and Liabilities</b>			<b>97 497 072</b>	Afs	<b>66 414 904</b>
			^		^
<b>NETT ASSETS</b>					
Housing Development Fund	J.8	1	373 787	Afs	348 799
Accumulated surplus	J.9		97 123 284	Afs	66 066 105
<b>Total Net Assets</b>			<b>97 497 072</b>	Afs	<b>66 414 904</b>
			^		^

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**STATEMENT OF FINANCIAL PERFORMANCE**

	Ref	Note	2011 R		2010 R	
<b>Revenue</b>						
Property rates	K.1	15	5 959 382	Afs	4 220 547	Py
Service charges	K.2	16	1 043 916	Afs	1 045 771	Py
Rental of facilities and equipment	K.3	17	423 324	Afs	461 298	Py
Interest earned - external investments	K.4	18	2 182 949	Afs	1 675 453	Py
Fines	K.5		41 458	Afs	26 982	Py
Licences and permits	K.5		2 708 968	Afs	2 899 197	Py
Government grants and subsidies	K.6	19	67 959 025	Afs	55 755 672	Py
Other income	K.12	20	678 003	Afs	744 249	Py
<b>Total revenue</b>			<b>80 997 026</b>	Afs	<b>66 829 169</b>	Py
			^		^	
<b>Expenses</b>						
Employee related costs	K.7	21	16 707 012	Afs	11 604 387	Py
Remuneration of councillors	K.8	22	4 652 724	Afs	4 219 070	Py
Repairs and maintenance	J.1		2 387 857	Afs	1 020 181	Py
Contracted services	K.9	23	1 153 136	Afs	333 371	Py
Depreciation	J.1	24	3 162 990	Afs	2 639 224	Py
Grants and subsidies paid	K.10	25	5 693 095	Afs	17 032 144	Py
General expenses	K.9	26	11 685 443	Afs	9 354 613	Py
Interest Expenses - External Borrowings			-	Afs	102 011	Py
Finance Charges	J.14.2		103 738	Afs	135 772	Py
Contributions to provisions	K.11		4 393 852	Afs	4 072 499	Py
<b>Total expenses</b>			<b>49 939 847</b>	Afs	<b>50 513 272</b>	Py
			^		^	
<b>Surplus / (deficit) for the period</b>			<b>31 057 180</b>	Afs	<b>16 315 897</b>	Py
			^		^	

**UBUHLEBEZWE MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**

as at 30 June 2011

	<b>Pre -GRAP Reserves and Funds</b>	<b>Housing Development Fund</b>	<b>Accumulated Surplus/(Deficit)</b>	<b>Total: Net Assets</b>	
<b>Note</b>	<b>R'000</b>	<b>R</b>	<b>R</b>	<b>R</b>	
<b>Balance at 30 June 2009</b>	-	332 032	43 774 816	44 106 848	py
Changes in accounting policy			(2 253 009)	(2 253 009)	py
<b>Restated balance</b>	-	332 032	41 521 807	41 853 839	py
Correction of prior period error			8 100 553	8 100 553	py
Surplus / (deficit) for the period			19 851 402	19 851 402	py
<b>Balance at 30 June 2010</b>	-	332 032	69 473 763	69 805 795	py
Interest on Housing Development Fund		16 767		16 767	py
<b>Balance at 30 June 2010</b>	-	348 799	69 473 763	69 822 562	py
<b>Corrections for prior period</b>		32	^	^	py
Restate Leased assets accumulated depr			(240 626)	(240 626)	py
Prior period finance leases payments			236 092	236 092	py
Prior period finance charges on finance leases			(135 772)	(135 772)	py
Prior period Long Service Liability			(3 040 607)	(3 040 607)	py
Prior period WCA.			(369 833)	(369 833)	py
Correction to Salary suspense			20 532	20 532	py
Correction period creditors not raised			(7 958)	(7 958)	py
Prior period expenditure not raised			(4 540)	(4 540)	py
Correction to rates raised			7 204	7 204	py
Correction of SAMRAS not on assets			(127 851)	(127 851)	py
Correction of SAMRAS not on assets			255 702	255 702	py
<b>Restated Balance as at 01 July 2010</b>		348 799	66 066 105	66 414 904	py
		^	^	^	
Interest on Housing Development Fund		24 989		24 989	Afs
Correction of prior period error				-	Afs
Surplus / (deficit) for the period			31 057 179	31 057 179	Afs
<b>Balance at 30 June 2011</b>	-	373 787	97 123 284	97 497 072	Afs
		^	^	^	

**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ended 30 June 2011**

**CASH FLOW STATEMENT**

	Note	2011 R		2010 R	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from ratepayers, government and other		63 965 722	Afs	66 520 210	Py
Cash paid to suppliers and employees		-43 804 052	Afs	-42 297 305	Py
Cash generated from operations		<u>20 161 670</u>		<u>24 222 905</u>	
		^		^	
<b>Cash generated by operations</b>		<b>20 161 670</b>		<b>24 222 905</b>	
Interest paid		-103 738	Afs	-102 011	Py
Interest received	18	<u>2 182 949</u>	Afs	<u>1 675 453</u>	Py
<b>Net operating cash flow</b>		<b><u>22 240 881</u></b>		<b><u>25 796 347</u></b>	
		^		^	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets	2	-29 164 311	Afs	-12 414 706	Py
Corrections fixed assets					
<b>Net cash flows from investing activities</b>		<b><u>-29 164 311</u></b>		<b><u>-12 414 706</u></b>	
		^		^	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Long Term Liability.	27	1 077 361	Afs		Py
Repayment of borrowings	14		Afs	-3 905 526	Py
<b>Net cash flows from financing activities</b>		<b><u>1 077 361</u></b>		<b><u>-3 842 738</u></b>	
		^		^	
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>-5 846 070</b>		<b>9 520 651</b>	
<b>Net cash and cash equivalents at beginning of period</b>		<b>40 054 583</b>	Afs	<b>29 500 512</b>	Py
<b>Prior year adjustments</b>			Afs	<b>1 182 713</b>	Py
<b>Net cash and cash equivalents at end of period</b>		<b>34 208 513</b>	Afs	<b>40 203 876</b>	Py
Error prior year in cash flow Net cash and equivalents at end of period				-149 293	
		<b><u>34 208 513</u></b>		<b><u>40 054 583</u></b>	
		^		^	

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 the historical cost convention.

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

**1.1 Changes in accounting policy and comparability**

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2010 and 30 June 2011 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below comparative restatements are set out below.

The municipality changes an accounting policy only if the following instances:

- a) is required by a Standard of GRAP; or
- b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the performance or cash flow.

**1.2 Critical judgments, estimations and assumptions**

The following are the critical judgments, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

**1.2.1 Revenue Recognition**

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above) . In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

**1.2.2 Financial assets and liabilities**

The classification of financial assets and liabilities into categories, is based on judgement by management.

**1.2.3 Useful lives of Property, Plant and Equipment ("PPE")**

As described in Accounting Policies 3.3, 4 & 5, the municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1.3 Presentation currency**

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

**1.4 Going concern assumption**

The Annual Financial Statements have been prepared on a going concern basis.

**1.5 Offsetting**

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

**1.6 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 2009  
GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008  
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007  
GRAP 25 Employee Benefits - issued December 2009  
GRAP 26 Impairment of Cash-generating Assets - issued March 2009  
GRAP 103 Heritage Assets - issued July 2008  
GRAP 104 Financial Instruments - October 2009

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available

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

**2 HOUSING OPERATING ACCOUNT**

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the Entity.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**3 PROPERTY, PLANT AND EQUIPMENT J.1**

**3.1 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.

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

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. 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, where applicable, 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.

**3.2 Subsequent Measurement**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequently all property plant and equipment, are measured at cost (which includes deemed cost for previously unrecognised assets), less accumulated depreciation and accumulated impairment losses.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

**3.3 Depreciation**

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives, are depreciated separately. The depreciation rates are based on the following estimated useful lives.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15 - 30 yrs.	Buildings	30 yrs
		Specialist vehicles	7 yrs
		Other vehicles	5 yrs
<b>Community</b>		Office equipment	5 yrs
Buildings	30 yrs.	Furniture and fittings	7 yrs
Recreational Facilities	30 yrs.	Bins and containers	10 yrs
Security	3 - 5 yrs.	Specialised plant and equipment	7 yrs
Halls	30 yrs.	Other items of plant and equipment	5-7 yrs
Libraries	30 yrs.	Emergency equipment	7 yrs
Parks and gardens	30 yrs.	Computer equipment	3-5 yrs
Other assets			
<b>Heritage assets</b>			
Buildings	N/A		
Paintings and artifacts	N/A		
<b>Finance lease assets</b>			
Office equipment	5 yrs.		
Other assets			

In terms of the exemptions granted no review of useful life of items of PPE or the depreceation method applied to PPE was done is required by GRAP 17. No impairment testing was done for non-cash generating assets as well as cash generating assets.

**3.4 Work in Progress. J.12**

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

**3.5 Land J.1**

Land is not depreciated as it is deemed to have an indefinite useful life.

**3.6 Infrastructure Assets J.1**

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation . Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

**3.7 Derecognition of property, plant and equipment J.1**

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not included in revenue.

Gains or losses are calculated as the difference between the net book value of assets (cost less accumulated depreciation ) and the sales proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

**3.8 Transitional Provision**

The estimated useful lives and the depreciation methods were not reviewed in the previous financial year as required by GAMAP 17 as these requirements were exempted in terms of General Notice 522 of 2007. The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2009 (and retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 3.



**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The municipality did not perform impairment testing on its cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of cash generating assets has been performed for the year ended 30 June 2009 (and retrospectively, where practicable) in accordance with the requirements of IAS 36/AC128 and GRAP 3.

The municipality did not perform impairment testing on its non-cash generating assets in the previous financial year as required by IAS 36/AC128, as this requirement has been exempted in terms of General Notice 522 of 2007. The testing for impairment of non-cash generating assets has been performed for the year ended 30 June 2009 (and not retrospectively) in accordance with the requirements of IPSAS 21.

**4 INTANGIBLE ASSETS J.13**

**4.1 Initial Recognition**

Identifiable non-monetary assets without physical substance which are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes are classified and recognised as intangible assets. 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 recognised as an expense when incurred.

**4.2 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.

**4.3 Transitional Provisions**

Costs incurred on intangible assets (other than on computer software, websites and the valuation roll) were expensed and not capitalised in the previous financial year as required by IAS 38 as this requirement was exempted in terms of General Notice 522 of 2007. The municipality accounted for all costs incurred that meet the intangible asset definition and recognition requirements as intangible assets for the financial years ended 30 June 2010 and 30 June 2011 (where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 3.

**5 INVESTMENT PROPERTY J.12**

**5.1 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.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
  
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
  
- The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:
  - Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
  
  - Property being constructed or developed on behalf of third parties;
  
  - Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
  
  - Property that is being constructed or developed for future use as investment property;
  - Property that is leased to another entity under a finance lease;
  - Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
  - Property held for strategic purposes or service delivery.

**5.2 Transitional Provisions**

Investment properties were recognised in terms of IAS 40 and subsequently measured in accordance with the cost model, but the fair values were not disclosed in the previous financial year as required by IAS 40 as this requirement was exempted in terms of General Notice 522 of 2007.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**6 FINANCIAL INSTRUMENTS** **L.7**

The municipality has various types of financial instruments and these can be broadly categorised as either Financial Assets or Financial Liabilities.

**6.1 Financial Assets - Classification**

A financial asset is any asset consisting of cash or a contractual right to receive cash. The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

- Investments in Fixed Deposits (Banking Institutions, etc)
- Long-term Receivables
- Consumer Debtors
- Certain Other Debtors (see note 12)
- Short-term Investment Deposits
- Bank Balances and Cash

In accordance with IAS 39.09, the *Financial Assets* of the municipality are classified as follows into the four categories allowed by this standard:

**Type of Financial Asset Classification in terms of IAS 39.09**

Short-term Investment Deposits – Call Held-to-maturity investments

Bank Balances and Cash Available for sale investments

Long-term Receivables Loans and receivables

Consumer Debtors Loans and receivables

Other Debtors Loans and receivables

Investments in Fixed Deposits Held-to-maturity investments

*Financial assets at fair value through profit or loss* are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

*Available for sale investments* are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial Assets at fair value through the Statement of Financial Performance.

*Loans and Receivables* are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are recognised initially at cost which represents fair value. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Held-to-Maturity Investments* are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

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.

**6.2 Initial and Subsequent Measurement**

**6.2.1 Financial Assets:**

*Held-to-maturity Investments* and *Loans and Receivables* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial Assets at *Fair Value* and *Available-for-Sale* are initially and subsequently, at the end of each financial year, measured at fair value with the profit or loss being recognised in the Statement of Financial Performance.

**6.2.2 Financial Liabilities:**

Financial liabilities at fair value are initially and subsequently measured at fair value. Other financial liabilities are measured at amortised cost using the effective interest rate method.

**6.2.3 Impairment of Financial Assets**

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of trade receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Consumer Debtors are stated at cost less a provision for bad debts. The provision is made in accordance with IAS 39.64 whereby the recoverability of Consumer Debtors is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. Government accounts are not provided for as such accounts are regarded as receivable.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**6.3 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**6.4 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

**6.5 Transitional Provisions**

Financial Assets and Liabilities and the information relating thereto were presented and disclosed in accordance with the requirements of IAS 32 and IFRS 7 and GRAP 3.

**7 RISK MANAGEMENT OF FINANCIAL ASSETS AND LIABILITIES**

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

Risks and exposure are disclosed as follows:

**7.1 Credit Risk**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

**7.2 Liquidity Risk**

A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.

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

Risk management of Financial Assets and Liabilities were presented and disclosed in accordance with the requirements of IFRS 7 and GRAP 3.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**8 REVENUE RECOGNITION** K.1

**8.1 General**

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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.

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.

**8.2 Revenue from Exchange Transactions**

**8.2.1 Service Charges**

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 number of refuse containers on each property.

**8.2.2 Finance income**

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

**8.2.3 Tariff Charges**

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

**8.2.4 Income from Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**8.2.5 Rentals**

Revenue from the rental of facilities and equipment classified as operating leases is recognised on a straight-line basis over the term of the lease agreement, where such lease periods span over more than one financial year.

**8.3 Revenue from Non-exchange Transactions**

**8.3.1 Rates and Taxes**

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 proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

**8.3.2 Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

**8.3.3 Public contributions**

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received and the municipality has not met the condition, a liability is recognised.

**8.3.4 Other Donations and Contributions**

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

**8.3.5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure**

Such revenue is based on legislated procedures. 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. Such revenue is based on legislated procedures.

**9 GOVERNMENT GRANTS AND RECEIPTS**

**K.6**

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in the Statement of Financial Performance in the period in which they become receivable.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**10 PROVISIONS**

J.10

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 or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

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.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

**11 EMPLOYEE BENEFITS**

J.11

**11.1 Short-term Employee Benefits**

Remuneration to employees is recognised in the Statement of Financial Performance as the services are benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

**11.2 Defined Contribution Plans**

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

**11.3 Defined Benefit Plans**

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

**11.3.1 Pension obligations**

The municipality and its employees contribute to 4 different pension funds, namely Natal Joint Municipal Pension Fund and South African Local Authority Pension Fund. The defined benefit fund was last actuarially valued during the reporting period ending 30 June 2009.

Continued

The KZN Municipal Pension Fund is a defined contribution fund. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Natal Joint Superannuation & Retirement Funds and Government Employee Pension Fund are defined benefit funds. The Natal Joint Provident Fund and South African Local Authority Pension Fund are defined contribution funds.

The schemes are funded through payments to fund administrator or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans.



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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Defined benefit plans have been accounted for as defined contribution plans in accordance with the requirements on multi-employer plans where sufficient information is not available to account for such plans as defined benefit plans. As the fund administrators do not have sufficient information available to allocate the shortfall on liabilities to individual employers, no liability is recognised for any shortfall of fund asset as compared to fund liabilities. Any surcharges that may be levied by the fund from time to time in order to compensate for shortfalls, are recognised as expenses in the period in which they become payable to the fund. As surcharges are advised long in advance, based on actuarial valuations of the fund as a whole, the necessary provision for the payment hereof is made in the course of the municipality's normal budgeting processes."

For defined contribution plans, the Municipality pays contributions to fund administrators. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**11.3.2 Post-retirement Health Care Benefits:**

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and recognised actuarial gains and losses, adjusted by past service costs where applicable. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and an appropriate discount rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

**11.3.3 Long-service Allowance**

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, as well as additional once-off leave calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

Actuarial gains or losses are accounted for in full and are recognised in the Statement of Financial Performance.

**UBUHLEBEZWE MUNICIPALITY**  
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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**12 LEASES**

J.14

**12.1 The 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 capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. 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. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangible assets. 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 derecognition 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 recognised as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**12.2 The Municipality as Lessor**

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or installment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or installment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

**13 BORROWING COSTS**

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2009 in accordance with the requirements of GRAP 5 and ASB Directive 3.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. 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.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**14 VALUE ADDED TAX** J.4

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991. Value-Added Tax Act No 89 of 1991.

**15 CASH AND CASH EQUIVALENTS** J.5

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

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

**16 UNAUTHORISED EXPENDITURE** L.4

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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**17 IRREGULAR EXPENDITURE** L.4

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) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

**18 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. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

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Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**19 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS**

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Although the retrospective application, where practicable, of changes in accounting policies affected by management in accordance with the requirements of GRAP 3 was exempted in the previous financial year in terms of General Notice 522 of 2007 (providing that these changes in accounting policies were applied prospectively by the municipality), the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the retrospective application, where practicable, of changes in accounting policies affected by in the previous financial year. The municipality continued to apply changes in accounting policies affected by management management retrospectively, where practicable, for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

Correction of Errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 36 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

Although the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective was exempted in the previous financial year in terms of General Notice 522 of 2007, the National Treasury approved a deviation from the basis of accounting applicable to the municipality in terms of the above-mentioned General Notice which granted the municipality the identification and disclosure of the impact of GRAP standards that have been issued but are not yet effective in the previous financial year. The municipality continued to identify and disclose the impact of GRAP standards that have been issued but are not yet effective for the financial year ended 30 June 2009 in accordance with the requirements of GRAP 3.

**20 RELATED PARTIES** L.4

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

**21 EVENTS AFTER THE REPORTING DATE** O.4

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

**22 COMPARATIVE INFORMATION**

**22.1 Prior year comparatives**

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

**23 CONTINGENT ASSETS AND CONTINGENT LIABILITIES** L.3

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements.

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**24 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES**

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

**25 CAPITAL COMMITMENTS**

**L.6**

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP

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**Annual Financial Statement for the year ended 30 June 2011**

**NOTES TO THE FINANCIAL STATEMENTS**

**2 PROPERTY, PLANT AND EQUIPMENT**

2.1 Reconciliation of Carrying Value	Investment Property	Buildings	Infrastructure	Community	Leased Assets	Specilised Vehicles	Other Assets	Work in Progress	Total	
	R	R	R	R	R	R	R	R	R	
<b>Carrying Value at 1 July 2010</b>	<b>4 179 772</b>	<b>6 788 170</b>	<b>13 812 050</b>	<b>20 219 527</b>	<b>0</b>	<b>684 955</b>	<b>2 730 327</b>	<b>0</b>	<b>48 414 802</b>	Py
Cost/Revaluation	4 179 772	9 905 787	16 631 250	22 111 206	0	1 030 033	7 350 828		61 208 875	Py
Accumulated depreciation and impairment losses	0	-3 117 617	-2 819 199	-1 891 679	0	-345 078	-4 620 501		-12 794 074	Py
Correction of error (note 34.2 ) previously not recognised	163 510			109 598	462 930				736 038	Py
Accumulated depreciation and impairment losses					-240 626				-240 626	Py
										Py
<b>Restated Carrying Value at 1 July 2010</b>	<b>4 343 282</b>	<b>6 788 170</b>	<b>13 812 050</b>	<b>20 329 125</b>	<b>222 304</b>	<b>684 955</b>	<b>2 730 327</b>	<b>0</b>	<b>48 910 213</b>	Py
Cost/Revaluation	4 343 282	9 905 787	16 631 250	22 220 804	462 930	1 030 033	7 350 828		61 944 913	Py
Accumulated depreciation and impairment losses	0	-3 117 617	-2 819 199	-1 891 679	-240 626	-345 078	-4 620 501		-13 034 700	Py
										Py
<b>Carrying Value at 1 July 2010</b>	<b>4 343 282</b>	<b>6 788 170</b>	<b>13 812 050</b>	<b>20 329 125</b>	<b>222 304</b>	<b>684 955</b>	<b>2 730 327</b>	<b>0</b>	<b>48 910 213</b>	Py
Cost/Revaluation	4 343 282	9 905 787	16 631 250	22 220 804	462 930	1 030 033	7 350 828		61 944 913	Afs
Accumulated depreciation and impairment losses	0	-3 117 617	-2 819 199	-1 891 679	-240 626	-345 078	-4 620 501		-13 034 700	Afs
										Afs
Acquisitions	0	551 999	0	0	844 721	0	578 618	26 452 935	28 428 274	Afs
Capital work in progress brought into use			1 397 614	1 247 679				-2 645 294	0	Afs
										Afs
Depreciation	0	-333 408	-858 446	-740 570	-180 530	-103 096	-819 089	0	-3 035 139	Afs
										Afs
Carrying value of disposals	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	Afs
Cost/Revaluation	0	0	0	0	0	0	0	0	0	Afs
Accumulated depreciation and impairment losses	0	0	0	0	0	0	0	0	0	Afs
										Afs
Impairment loss/Reversal of impairment loss	0	0	0	0	0	0	0	0	0	Afs
0	0	0	0	0	0	0	0	0	0	Afs
Other movements*										Afs
										Afs
<b>as at 30 June 2011</b>	<b>4 343 282</b>	<b>7 006 761</b>	<b>14 351 218</b>	<b>20 836 234</b>	<b>886 495</b>	<b>581 859</b>	<b>2 489 856</b>	<b>23 807 642</b>	<b>74 303 348</b>	Afs
Cost/Revaluation	4 343 282	10 457 786	18 028 864	23 468 483	1 307 651	1 030 033	7 929 446	23 807 642	90 373 187	Afs
Accumulated depreciation and impairment losses	0	-3 451 025	-3 677 646	-2 632 249	-421 156	-448 174	-5 439 590		-16 069 839	Afs
										A

Refer to Appendix B for more detail on property, plant and equipment

**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statement for the year ended 30 June 2011**

**NOTES TO THE FINANCIAL STATEMENTS**

**2a INTANGIBLE ASSETS**

		Software	Total	
		R	R	
<b>2a.1</b>	<b>Reconciliation of Carrying Value</b>			
	<b>Carrying Value at 1 July 2010</b>	<b>255 702</b>	<b>255 702</b>	Py
	Cost/Revaluation	255 702	255 702	Py
	Accumulated amortisation	0	0	Py
	Correction of error previously not recognised	-127 851	-127 851	Py
	Accumulated amortisation	0	0	Py
	<b>Restated Carrying Value at 1 July 2010</b>	<b>127 851</b>	<b>127 851</b>	Py
	Cost/Revaluation	127 851	127 851	Py
	Accumulated amortisation	0	0	Py
	<b>Carrying Value at 1 July 2010</b>	<b>127 851</b>	<b>127 851</b>	Py
	Cost/Revaluation	127 851	127 851	Afs
	Accumulated amortisation	0	0	Afs
	Acquisitions	0	0	Afs
	Amortisation	-127 851	-127 851	Py
	Carrying value of disposals	<b>0</b>	<b>0</b>	
	Cost/Revaluation	0	0	
	Accumulated amortisation	0	0	
	Impairment loss/Reversal of impairment loss	0	0	
	Other movements*	0	0	
	<b>as at 30 June 2011</b>	<b>0</b>	<b>0</b>	
	Cost/Revaluation	127 851	127 851	Afs
	Accumulated amortisation	-127 851	-127 851	Afs

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**NOTES TO THE FINANCIAL STATEMENTS**

	Note	2011 R	2010 R
<b>1 HOUSING OPERATING ACCOUNT</b>			
Housing Operating Account		<u>373 787</u>	<u>348 799</u>
		^	^
The Housing Development Fund is represented by the following assets and liabilities :			
Cash and cash equivalents.		<u>373 787</u>	<u>348 799</u>
		<u>373 787</u>	<u>348 799</u>
		^	^
<b>2 PROPERTY PLANT &amp; EQUIPMENT</b> (See Note 2.)			
<b>3 NON-CURRENT PROVISIONS</b>			
Provision for rehabilitation of landfill sites		-	-
<b>Total Non-Current Provisions</b>		<u>-</u>	<u>-</u>
The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is based on management assesment of the rehaliation costs of the dumpsite. Ubuhlebezwe Municipality currently does not have a dump site. A study will be conducted to find a suitable site and a cost estimate will be completed in the near future,			
<b>4 LONG-TERM RECEIVABLES</b>			
Housing selling scheme loans		122 298	122 298
Other non-current receivables		-	-
		<u>122 298</u>	<u>122 298</u>
Less : Provision for Bad Debts		(122 298)	-
Provisison for Bad Debts		<u>(122 298)</u>	<u>-</u>
		-	-
<b>Total</b>		<u>0</u>	<u>122 298</u>
		^	^
<b>HOUSING SELLING SCHEME LOANS</b>			
less : Provision for Bad Debts		(122 298)	-
		<u>0</u>	<u>122 298</u>
		^	^



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R
<b>5 CONSUMER DEBTORS (TRADE RECEIVABLE FROM EXCHANGE TRANSACTIONS)</b>		
Rates	7 647 311	6 110 394
Electricity	4 943	10 312
Self Help Scheme	127 370	131 670
Refuse	2 328 739	2 351 608
Sundry	70 060	83 432
Rent	513 680	426 306
Vat. Debtors	393 907	100 610
	<u>11 086 009</u>	<u>9 214 332</u>
Difference between ledger & ageing		
<b>Total service debtors</b>	<u>11 086 009</u>	<u>9 214 332</u>
<b>Less provision for bad debts</b>	(9 957 784)	-6 758 841
<b>Total</b>	<u><u>1 128 226</u></u>	<u><u>2 455 492</u></u>
	^	^
<b><u>Rates: Ageing</u></b>		
Current (0 – 30 days)	-	160 320
31 - 60 Days	240 916	130 852
61 - 90 Days	202 775	0
91 - 120 Days	181 761	125 139
Greater than 120 days.	7 018 506	5 686 879
<b>Total</b>	<u>7 643 959</u>	<u>6 103 190</u>
	^	^
<b><u>Electricity: Ageing.</u></b>		
Greater than 120 days.	4 943	10 312
<b>Total</b>	<u>4 943</u>	<u>10 312</u>
	^	^
<b><u>Self Help Scheme: Ageing.</u></b>		
Current (0 – 30 days)		0
31 - 60 Days		1 853
61 - 90 Days		0
91 - 120 Days		1 853
Greater than 120 days.	129 168	127 965
<b>Total</b>	<u>129 168</u>	<u>131 670</u>
	^	^
<b><u>Rent: Ageing.</u></b>		
Current (0 – 30 days)	57 197	60 745
31 - 60 Days	12 791	26 292
61 - 90 Days	12 687	0
91 - 120 Days	18 447	24 776
Greater than 120 days.	412 558	314 494
<b>Total</b>	<u>513 680</u>	<u>426 306</u>
	^	^
<b><u>Refuse: Ageing.</u></b>		
Current (0 – 30 days)	80 947	187 604
31 - 60 Days	71 155	61 761
61 - 90 Days	54 385	0
91 - 120 Days	46 330	58 000
Greater than 120 days.	2 074 434	2 044 244
<b>Total</b>	<u>2 327 252</u>	<u>2 351 608</u>
	^	^
<b><u>Sundry: Ageing.</u></b>		
Greater than 120 days.	71 635	83 432
<b>Total</b>	<u>71 635</u>	<u>83 432</u>
	^	^
<b><u>Vat Debtors</u></b>		
Current (0 – 30 days)	14 098	0
31 - 60 Days	11 795	0
61 - 90 Days	9 482	0
91 - 120 Days	9 063	0
Greater than 120 days.	349 469	0
<b>Total</b>	<u>393 907</u>	<u>83 432</u>
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2 010 R
<b>5.1 Reconciliation of the doubtful debt provision</b>		
Balance at beginning of the year	<b>(6 758 841)</b>	<b>-6 314 331</b>
Consumer Debtors	(6 636 542)	-6 314 331
Other Debtors (note 3.)	(122 298)	0
Contribution for the year	<b>(3 328 152)</b>	<b>-500 000</b>
Consumer Debtors	(3 205 854)	-500 000
Other Debtors	(122 298)	0
( Release from ) Contribution to provision	-	<b>0</b>
Consumer Debtors	-	0
Other Debtors	-	0
Bad Debts written of against provision.	<b>6 911</b>	<b>177 788</b>
Consumer Debtors	(9 957 784)	-6 636 542
Other Debtors - Self Help Loans.	(122 298)	-122 298
Balance at end of year.	<b>(10 080 082)</b>	<b>-6 758 841</b>
	^	^
<b>6 OTHER DEBTORS (TRADE RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS)</b>		
Sundry Debtors	85 188	61 440
Payroll Suspense	4 533	12 206
Other debtors DOH Low cost housing	573 880	575 080
Other debtors	-	0
Accrued Interest FNB.	226 832	149 293
Deposits paid	113 370	113 370
<b>Total Other Debtors</b>	<b>1 003 802</b>	<b>911 388</b>
	^	^
<b>7 VAT RECEIVABLE</b>		
VAT receivable	3 813 183	2 899 544
	<b>3 813 183</b>	<b>2 899 544</b>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.	^	^
<b>8 VAT PAYABLE</b>		
VAT payable	-	0
	-	<b>0</b>
<b>9 CURRENT INVESTMENTS</b>		
Call investments	33 559 582	27 069 000
	<b>33 559 582</b>	<b>27 069 000</b>
	^	^
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
Account Number 62143895988 Short Term Investment Account		
Interest accrued till maturity - R803.30		
Bank statement balance at the beginning of the year	5 608 581	15 010 733
Bank statement balance at the end of the year	<b>20 618</b>	<b>5 608 581</b>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
Account Number 62115867337 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	1 171
Bank statement balance at the end of the year	-	<b>0</b>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2 010 R
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
Account Number 62074735534 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	9 273 761
Bank statement balance at the end of the year	-	<u>0</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068625510-001 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	391 522
Bank statement balance at the end of the year	-	<u>0</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068730276-001 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	193 884
Bank statement balance at the end of the year	-	<u>0</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068730276-003 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	593 401
Bank statement balance at the end of the year	-	<u>0</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068730276-002 Short Term Investment Account		
Bank statement balance at the beginning of the year	-	1 071 500
Bank statement balance at the end of the year	-	<u>0</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068730276-004 Short Term Investment Account		
Interest accrued till maturity - R1141.22		
Bank statement balance at the beginning of the year	2 371 779	0
Bank statement balance at the end of the year	<u>2 524 512</u>	<u>2 371 779</u>
<b>Investment Bank account</b>		
<u>Standard Bank Account - Ixopo Branch</u>		
Account Number 068730276-005 Short Term Investment Account		
Interest accrued till maturity - R28245.87		
Bank statement balance at the beginning of the year	4 495 446	0
Bank statement balance at the end of the year	<u>4 763 105</u>	<u>4 495 446</u>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
Account Number 62248166218 Short Term Investment Account		
Interest accrued till maturity - R1047.78		
Bank statement balance at the beginning of the year	573 177	0
Bank statement balance at the end of the year	<u>590 630</u>	<u>573 177</u>
<b>Investment Bank account</b>		
<u>Ithala - Ixopo Branch</u>		
Account Number 46110293 3 month Investment (22/04/2010 - 22/07/2010)		
Account closed and transferred to Current Account		
Bank statement balance at the beginning of the year	3 500 000	0
Bank statement balance at the end of the year	-	<u>3 500 000</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2 010 R
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
Account Number 7881076763/017 Fixed Deposit (11/04/2011 - 01/07/2011)		
Interest accrued till maturity - R45746.39 , rate 5.45%		
Bank statement balance at the beginning of the year	3 610 017	0
Bank statement balance at the end of the year	<u>3 782 406</u>	<u>3 610 017</u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
Account Number 7881076763/019 Fixed Deposit 2 months (16/05/2011 - 01/07/2011)		
Interest accrued till maturity - R28209.90 5.45%		
Bank statement balance at the beginning of the year	3 910 000	0
Bank statement balance at the end of the year	<u>4 107 146</u>	<u>3 910 000</u>
<b>Investment Bank account</b>		
<u>Absa - Ixopo Branch</u>		
Account Number 20-7042-5909 Fixed Deposit 32 days (31/05/2011 - 01/07/2011)		
Interest accrued till maturity - R 14299 Current % rate 5.40%		
Bank statement balance at the beginning of the year	3 000 000	0
Bank statement balance at the end of the year	<u>3 117 668</u>	<u>3 000 000</u>
<b>Investment Bank account</b>		
<u>Nedbank - Ixopo Branch</u>		
Account Number 7881076763/018 - (88 day deposit)		
Interest accrued till maturity - 5.5%		
Bank statement balance at the beginning of the year	-	0
Bank statement balance at the end of the year	<u>6 000 822</u>	<u>0</u>
<b>Investment Bank account</b>		
<u>Absa - Ixopo Branch</u>		
Account Number 2070490455 Fixed Deposit 91 days (05/05/2011 - 04/08/2011)		
Interest accrued till maturity @ 5.55% R29803.		
Bank statement balance at the beginning of the year	-	0
Bank statement balance at the end of the year	<u>3 500 000</u>	<u>0</u>
<b>Investment Bank account</b>		
<u>First National Bank - Ixopo Branch</u>		
Account Number 7428280271 6 Short Term Investment Account		
Interest accrued R5197.40		
Bank statement balance at the beginning of the year	-	0
Bank statement balance at the end of the year	<u>5 152 676</u>	<u>0</u>
<b>TOTAL SHORT TERM INVESTMENTS</b>	<u><u>33 559 582</u></u>	<u><u>27 069 000</u></u>
<b>10 BANK BALANCES AND CASH</b>		
Cash and cash equivalents consist of the following:		
Cash on hand	-	0
Petty Cash	4 249	3 650
	<u>4 249</u>	<u>3 650</u>
The Municipality has the following main bank accounts: -		
<b>Primary Bank Account</b>		
First National Bank Ixopo - 52552416194		
Cash book balance at beginning of year	12 981 933	2 501 293
Cash book balance at end of year	<u>644 681</u>	<u>12 981 933</u>
Bank statement balance at beginning of year	12 881 389	3 731 133
Bank statement balance at end of year	<u>622 211</u>	<u>12 881 389</u>
Petty cash and cash on hand	4 249	3 650
<b>Total bank,cash and overdraft balances.</b>	<u><u>648 930</u></u>	<u><u>12 985 583</u></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2 010 R
<b>11 PROVISIONS</b>		
<b>11.1 Performance bonus</b>	-	0
Performance bonus for 2009/2010 & 2010/2011 not paid.	-	0
<b>Total Provisions</b>	<u>-</u>	<u>0</u>
Performance bonuses are paid one year in arrear as the assessment of eligible		
The movement in current provisions are reconciled as follows: -		
<b>as at 1 July 2010</b>		
Contributions to provision		
Expenditure incurred		
<b>as at 30 June 2011</b>	<u>-</u>	<u>0</u>
<b>as at 1 July 2009</b>		
Contributions to provision		
Expenditure incurred		
<b>as at 30 June 2010</b>	<u>-</u>	<u>0</u>
<b>12 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	3 460 858	2 138 032
Deposits Other	660	0
Payments received in advance	464 630	172 772
Staff leave accrual	1 444 732	1 021 393
Payroll Suspense	-	5 037
Provision UIF.	424 281	363 203
Other creditors	163 193	20 300
<b>Total creditors</b>	<u>5 958 354</u>	<u>3 720 738</u>
Leave provision is calculated on leave due up to 48 days (Over and above 48 days is not provided for in terms of the Bargain Council agreement )	^	^
<b>12.1 Provisions</b>		
Balance at beginning of the year	1 021 393	817 122
Leave Sold	(7 019)	-136 445
Provision for leave 2010/2011	38 680	250 000
Additional leave provision 2010/2011	391 678	90 716
	<u>1 444 732</u>	<u>1 021 393</u>
	^	^
<b>13 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Unspent Conditional Grants from other spheres of Government</b>		
Anti Corruption Grant	-	177
Capital Investment Program	9 700	9 700
Financial Management Grant	-	749 350
M F M A Implementation Grant	-	134 899
G I S Grant 07/08	-	157 750
G I S Grant	146 712	79 856
Hawkers/Taxi Grant	1 033 341	1 033 341
H R Systems Governance	7 170	7 170
Ixopo Sportsfields	1 302	307 058
Internal Roads		10 617 961
Kuyasa School Grant	4 302	4 302
Land Use Management	220 238	220 238
Library Assistant	5 854	3 023
Library Building Grant	220 966	0
M I G Grant	2 820 815	5 903 753
Management Assistance	46 303	288 894
Marithal Project	8 197	8 196
Market Stalls	350 877	350 877
Municipal Development Planning Capacity Building	24 973	24 973
Municipal Administrative Development	9 000	9 000
Nokweja Disaster Fund	3 324	13 414
Programme Support	-	16 908
Project Consolidate	414 968	595 152
Project Management Unit	163 377	0
Sangcwaba Grant	673 950	673 950
Waste Disposal Site	144 621	413 051
<b>Total Unspent Conditional Grants and Receipts</b>	<u>6 309 990</u>	<u>21 622 994</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2011**

	2011	2 010
	R	R
See Note 19 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.	^	^

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011 R	2 010 R
<b>14 LONG TERM LIABILITIES</b>	<b>2011</b>	<b>2 010</b>
Annuity Loans	-	-3 905 526
(DBSA Loan)	-	<b>-3 905 526</b>
Less : Current portion transferred to current liabilities	-	0
Less : Additional redemption ( Early settlement )	-	3 905 526
Annuity Loans	-	
<b>Total long term liabilities.</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
Refer to Appendix A for more detail on borrowings.		
<b>15 PROPERTY RATES</b>		
<b>Actual</b>		
Residential	143 567	4 213 343
Commercial	235 901	0
Agriculture	709 475	0
Other	2 872 277	
State	1 997 188	
<b>Total property rates</b>	<u><b>5 958 408</b></u>	<u><b>4 213 343</b></u>
Property rates - penalties imposed and collection charges	-	0
<b>Total</b>	<u><b>5 958 408</b></u>	<u><b>4 213 343</b></u>
Adjustments	974	
<b>Total</b>	<u><b>5 959 382</b></u>	<u><b>4 213 343</b></u>
	^	^
<b>Valuations</b>		
Residential	181 605 375	7 712 500
Commercial	149 970 000	206 449 000
State	335 161 925	22 416 610
Industrial	22 008 640	22 008 640
Municipal	55 405 345	42 898 735
Agricultural	711 270 000	717 256 000
Donation: Sport & Welfare	83 749 690	11 500 000
<b>Total Property Valuations</b>	<u><b>1 539 170 975</b></u>	<u><b>1 030 241 485</b></u>
	^	^
Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a annually basis to take into account changes in individual property values due to alterations.		
Rates are levied on an monthly basis with the final date of payment being the end of every month. Interest at 10% per annum is levied on outstanding rates.		
<b>16 SERVICE CHARGES</b>		
Refuse removal	1 043 916	1 045 771
<b>Total Service Charges</b>	<u><b>1 043 916</b></u>	<u><b>1 045 771</b></u>
	^	^
<b>17 RENTAL OF FACILITIES AND EQUIPMENT</b>		
Rental of facilities	9 280	-303
Rental of equipment		303
Other rentals	414 044	461 298
<b>Total rentals</b>	<u><b>423 324</b></u>	<u><b>461 298</b></u>
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
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	2011	2 010
	R	R
<b>18 INTEREST EARNED - EXTERNAL INVESTMENTS</b>		
Investment Interest	1 891 259	1 386 915
Bank Current Account	291 690	288 538
<b>Total interest</b>	<u><u>2 182 949</u></u>	<u><u>1 675 453</u></u>
	^	^
<b>19 GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	35 479 889	29 012 538
Anti Corruption Grant	177	0
C D W Grant	-	10 928
Capital Investment Program	-	193 800
Financial Management Grant	2 249 350	1 480 563
M F M A Implementation Grant	134 899	0
G I S Grant	90 894	0
Internal Roads	10 617 961	882 039
Ithubalethu Housing	-	402 268
Ixopo Sportsfields	305 756	23 982
Land Use Manageent	-	30 317
Library Assistant	97 969	92 977
M I G Grant	16 362 537	13 933 977
Management Assistance	242 590	11 106
Mziki L C H	-	8 627 199
Nokweja Disaster Fund	10 091	9 444
Programme Support	16 908	0
Project Consolidate (MSIG)	930 184	406 589
Project Management Unit	560 344	386 147
Sponya Housing Project	591 044	251 798
Waste Disposal Site	268 430	0
<b>Total Conditional Grants and Receipts</b>	<u><u>67 959 025</u></u>	<u><u>55 755 672</u></u>
	^	^
<b>19.1 Equitable Share</b>		
<b>Balance unspent at beginning of year</b>		
Current year receipts	35 479 889	29 012 539
Conditions met - transferred to revenue	(35 479 889)	-29 012 539
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
<b>19.2 Anti Corruption Grant</b>		
<b>Balance unspent at beginning of year</b>	177	177
Conditions met - transferred to revenue	-177	-
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>177</u></u>
	^	^
<b>19.3 C D W Grant</b>		
<b>Balance unspent at beginning of year</b>	-	10 928
Conditions met - transferred to revenue	-	-10 928
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.4 C M I P Grant</b>		
<b>Balance unspent at beginning of year</b>	-	-1 959
Adjustments	-	1 959
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^



**UBUHLEBEZWE MUNICIPALITY**  
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	2011 R	2 010 R
<b>19.5 Capital Investment Programme</b>		
Balance unspent at beginning of year	9 700	203 500
Current year receipts		
Conditions met - transferred to revenue		-193 800
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>9 700</u></u>	<u><u>9 700</u></u>
	^	^
<b>19.6 Chicken Abatoir</b>		
Balance unspent at beginning of year	-	-165 263
Adjustments	-	165 263
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.7 Disaster Fund</b>		
Balance unspent at beginning of year		-53 769
Adjustments		53 769
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.8 Fairview LCH</b>		
Balance unspent at beginning of year	-	-2 036 249
Adjustments		2 036 249
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.9 Financial Management Grant</b>		
Balance unspent at beginning of year	749 350	729 913
Current year receipts	1 500 000	1 500 000
Conditions met - transferred to revenue	(2 249 350)	-1 480 563
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>749 350</u></u>
	^	^
<b>19.10 G I S Grant</b>		
Balance unspent at beginning of year	79 856	79 856
Current year receipts (GIS grants consolidated transfereed from GIS 07/06)	157 750	
Conditions met - transferred to revenue	(90 894)	
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>146 712</u></u>	<u><u>79 856</u></u>
	^	^
<b>19.11 GIS Grant 07/06</b>		
Balance unspent at beginning of year	157 750	157 750
GIS grants consolidated and transferred to grant above	(157 750)	
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>157 750</u></u>
	^	^
<b>19.12 Hawkers/Taxi Grant</b>		
Balance unspent at beginning of year	1 033 341	1 033 341
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>1 033 341</u></u>	<u><u>1 033 341</u></u>
	^	^
<b>19.13 HR Systems Governance</b>		
Balance unspent at beginning of year	7 170	7 170
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>7 170</u></u>	<u><u>7 170</u></u>
	^	^
<b>19.14 I.D.P. Grant</b>		
Balance unspent at beginning of year	-	-248 727
Adjustments	-	248 727
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^

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	2011	2 010
	R	R
<b>19.15 Inter Dept Monitoring Grant</b>		
Balance unspent at beginning of year	-	-38 504
Adjustments	-	38 504
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>0</u>
	^	^
<b>19.16 Internal Roads</b>		
Balance unspent at beginning of year	10 617 961	0
Adjustments		0
Current year receipts		11 500 000
Conditions met - transferred to revenue	(10 617 961)	-882 039
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>0</u>	<u>10 617 961</u>
	^	^
<b>19.17 Kuyasa School Grant</b>		
Balance unspent at beginning of year	4 302	4 302
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>4 302</u>	<u>4 302</u>
	^	^
<b>19.18 L E D Gijima</b>		
Balance unspent at beginning of year	-	-56 000
Adjustments	0	56 000
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>0</u>
	^	^
<b>19.19 Land Use Management</b>		
Balance unspent at beginning of year	220 238	250 555
Current year receipts		
Conditions met - transferred to revenue		-30 317
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>220 238</u>	<u>220 238</u>
	^	^
<b>19.2 Library Assistant</b>		
Balance unspent at beginning of year	3 023	-88 978
Adjustments		88 978
Current year receipts	100 800	96 000
Conditions met - transferred to revenue	(97 969)	-92 977
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>5 854</u>	<u>3 023</u>
	^	^
<b>19.21 Library Building Grant</b>		
Balance unspent at beginning of year	0	884 222
Adjustments		-884 222
Current year receipts	220 966	
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>220 966</u>	<u>0</u>
	^	^
<b>19.22 M I G Grant</b>		
Balance unspent at beginning of year	6 013 350	12 970 819
Adjustments	-	-3 187 492
Current year receipts	13 170 000	10 164 000
Conditions met - transferred to revenue	(16 362 537)	-13 933 977
Adjustments - expenditure.		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>2 820 814</u>	<u>6 013 350</u>
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
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	2011	2 010
	R	R
<b>19.23 Mahehle LCH</b>		
Balance unspent at beginning of year	-	-330 655
Adjustments	-	330 655
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>0</u>
	^	^
<b>19.24 Management Assistance</b>		
Balance unspent at beginning of year	288 894	6 127
Adjustments		-6 127
Current year receipts		300 000
Conditions met - transferred to revenue	(242 590)	-11 106
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>46 304</u>	<u>288 894</u>
	^	^
<b>19.25 Marlthal Project</b>		
Balance unspent at beginning of year	8 197	8 197
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>8 197</u>	<u>8 197</u>
	^	^
<b>19.26 Market Stalls</b>		
Balance unspent at beginning of year	350 877	350 877
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>350 877</u>	<u>350 877</u>
	^	^
<b>19.27 MFMA Implementation Grant</b>		
Balance unspent at beginning of year	134 899	134 899
Current year receipts		
Conditions met - transferred to revenue	(134 899)	
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>134 899</u>
	^	^
<b>19.28 Mgodini Multi Purpose Centre</b>		
Balance unspent at beginning of year	-	-378 389
Adjustments	-	378 389
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-</u>	<u>0</u>
	^	^
<b>19.29 Mun Development Planning Capacity Building</b>		
Balance unspent at beginning of year	24 973	24 973
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>24 973</u>	<u>24 973</u>
	^	^
<b>19.30 Municipal administrative Development</b>		
Balance unspent at beginning of year	9 000	9 000
Current year receipts		
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>9 000</u>	<u>9 000</u>
	^	^
<b>19.31 Mziki LCH</b>		
Balance unspent at beginning of year	-573 880	3 076 271
Adjustments		1 713 258
Current year receipts		3 263 790
Conditions met - transferred to revenue		-8 627 199
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u>-573 880</u>	<u>-573 880</u>
	^	^

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	2011	2 010
	R	R
<b>19.32 Nokweja Disaster Fund</b>		
Balance unspent at beginning of year	13 414	22 858
Current year receipts		
Conditions met - transferred to revenue	(10 091)	-9 444
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>3 323</u></u>	<u><u>13 414</u></u>
	^	^
<b>19.33 PMS Grant</b>		
Balance unspent at beginning of year	-	-117 499
Adjustments	0	117 499
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.34 Programme Support</b>		
Balance unspent at beginning of year	16 908	16 908
Current year receipts		
Conditions met - transferred to revenue	(16 908)	
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>0</u></u>	<u><u>16 908</u></u>
	^	^
<b>19.35 MSIG</b>		
Balance unspent at beginning of year	595 151	634 740
Adjustments		367 000
Current year receipts	750 000	
Conditions met - transferred to revenue	(930 183)	-406 589
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>414 968</u></u>	<u><u>595 151</u></u>
	^	^
<b>19.36 Project Management unit</b>		
Balance unspent at beginning of year	-	-303 818
Adjustments	-	303 818
Current year receipts	723 721	386 417
Conditions met - transferred to revenue	(560 344)	-386 417
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>163 377</u></u>	<u><u>0</u></u>
	^	^
<b>19.37 Property Rates Grant</b>		
Balance unspent at beginning of year	-	-148 952
Adjustments	0	148 952
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.38 Public Participation Governance</b>		
Balance unspent at beginning of year	-	-519 463
Adjustments	-	519 463
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.39 Sangcwaba Grant</b>		
Balance unspent at beginning of year	673 950	566 573
Current year receipts		107 377
Conditions met - transferred to revenue		
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>673 950</u></u>	<u><u>673 950</u></u>
	^	^
<b>19.40 Sponya Housing Project</b>		
Balance unspent at beginning of year	-	-23 866
Adjustments		23 866
Current year receipts	591 044	251 798
Conditions met - transferred to revenue	(591 044)	-251 798
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>19.41 Waste Disposal Site</b>		
Balance unspent at beginning of year	413 050	413 050
Conditions met - transferred to revenue	(268 429)	
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>144 621</u></u>	<u><u>413 050</u></u>
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
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	2011 R	2 010 R
<b>19.42 Ixopo Sportsfield</b>		
<b>Balance unspent at beginning of year</b>		
Adjustments	307 058	331 040
Conditions met - transferred to revenue	(305 756)	-23 982
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>1 302</u></u>	<u><u>307 058</u></u>
	^	^
<b>19.43 Ithubalethu Housing</b>		
<b>Balance unspent at beginning of year</b>		
Current year receipts		402 268
Conditions met - transferred to revenue		-402 268
<b>Conditions still to be met - remain liabilities (see note 13)</b>	<u><u>0</u></u>	<u><u>0</u></u>
	^	^
<b>20 OTHER INCOME</b>		
Included in other income are the following:-		
Sundry income	70 075	124 501
Licence commission	485 126	423 018
Burial fees	22 640	31 807
Building fees	37 863	68 078
Advertisements boards	0	7 127
Lost books	1 993	1 886
Library photostats	12 465	10 135
Admin fees	11 946	9 641
Discount received	173	3 247
Skills development	35 724	64 808
	<u><u>678 003</u></u>	<u><u>744 248</u></u>
	^	^
<b>21 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	12 718 356	^
Employee related costs - Contributions for UIF, pensions and medical aids	2 191 026	^
Travel, motor car, accommodation, subsistence and other allowances	563 017	^
Housing benefits and allowances	35 179	^
Overtime payments	349 303	^
Other employee related costs	850 130	
<b>Total Employee Related Costs</b>	<u><u>16 707 012</u></u>	<u><u>11 604 389</u></u>
	^	^
<b>There were no advances to employees.</b>		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration		249 187
Performance- and other bonuses	-	0
Travel, motor car, accommodation, subsistence and other allowances	-	146 863
Contributions to UIF, Medical and Pension Funds	-	4 278
2010/2011 - There was no Permanent Municipal Manager		
<b>Total</b>	<u><u>-</u></u>	<u><u>400 327</u></u>
	^	^
<b>Remuneration of the Chief Finance Officer</b>		
Annual Remuneration	486 900	221 600
Travel, motor car, accommodation, subsistence and other allowances	93 100	63 661
Contributions to UIF, Medical ,Pension Funds and Skills levy	7 163	3 689
<b>Total</b>	<u><u>587 163</u></u>	<u><u>288 950</u></u>
	^	^
<b>Remuneration of Individual Executive Directors</b>		
<b>Technical Services</b>		
Annual Remuneration	334 167	289 333
Travel, motor car, accommodation, subsistence and other allowances	195 833	12 000
Contributions to UIF, Medical and Pension Funds	6 458	4 170
<b>Total</b>	<u><u>536 458</u></u>	<u><u>305 503</u></u>
	^	^

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	2011	2 010
	R	R
<b>Corporate Services</b>		
Annual Remuneration	528 500	401 532
Travel, motor car, accommodation, subsistence and other allowances	1 500	18 556
Contributions to UIF, Medical and Pension Funds	6 847	5 724
<b>Total</b>	<u><u>536 847</u></u>	<u><u>425 812</u></u>
	^	^
<b>Community Services</b>		
Annual Remuneration	434 900	287 042
Travel, motor car, accommodation, subsistence and other allowances	95 100	95 567
Contributions to UIF, Medical and Pension Funds	6 659	4 884
<b>Total</b>	<u><u>536 659</u></u>	<u><u>387 493</u></u>
	^	^
<b>22 REMUNERATION OF COUNCILLORS</b>		
Mayor	509 545	509 938
Deputy Mayor	248 680	227 369
Speaker	198 449	227 370
Executive Committee Members	564 727	458 777
Councillors' allowances	2 865 376	2 795 617
Cellular Allowance	265 947	
<b>Total Councillors' Remuneration</b>	<u><u>4 652 724</u></u>	<u><u>4 219 072</u></u>
	^	^
<b>In-kind Benefits</b>		
The Mayor and one of the Executive Committee members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has use of the Council owned vehicle plus one driver for official duties.		
<b>23 CONTRACTED SERVICES</b>		
Contracted services for:		
Steiner Hygiene	18 420	
PMB Security	9 789	
Zincume Security	319 200	
Brokersure (Insurance)	333 549	
Netstar	2 068	
Tracker	6 244	
Trade Page	35 291	
Internal Audit	428 575	333 371
	<u><u>1 153 136</u></u>	<u><u>333 371</u></u>
	^	^
<b>24 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	3 035 139	2 398 598
Intangible assets	127 851	
<b>Total Depreciation and Amortisation</b>	<u><u>3 162 990</u></u>	<u><u>2 398 598</u></u>
	^	^
<b>FINANCED FROM</b>		
Operating Expenditure ( New assets )	44 820	145 590
Operating Expenditure ( Old assets )	3 118 170	2 253 009
	<u><u>3 162 990</u></u>	<u><u>2 398 599</u></u>
	^	^
<b>25 GRANTS AND SUBSIDIES PAID</b>		
Grant Expenditure	5 693 095	17 032 144
Grant in aid		
	<u><u>5 693 095</u></u>	<u><u>17 032 144</u></u>
	^	^

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	2011	2 010
	R	R
<b>26 GENERAL EXPENSES</b>		
Included in general expenses are the following:-		
Advertisements	212 159	167 875
Audit-External	871 791	546 627
Bank Charges	101 170	77 015
Communication Costs	612 630	407 358
Chemicals,Cleaning,First Aid	4 588	18 800
Civic Reception	-	255 751
Cleaning Office	33 092	64 039
Community Awareness	95 278	24 750
Compensation Commissioner	90 220	0
Computer & IT Support Natis	75 328	97 791
Contract Employees	52 781	608 339
Skills Levy	164 620	
Breakdown Services	650	0
Special Project	157 891	47 821
Electricity	140 563	379 902
Employment Creation	129 648	0
Entertainment	90 807	45 289
Freight Costs/Hire Costs	443 626	297
Fuel& Oil	530 244	404 804
Insurance (Contract Services)		302 354
Grant-in-aid.	88 480	0
ID Campaign.	-	58 650
Legal Fees	517 637	642 741
Licences & Permits	54 094	50 706
Lost Books/Cd/Dvd		0
Marketing & Tourism	16 356	0
Occupational Safety	93 784	117 220
Sports & Recreational.	545 312	0
Pest Control	-	3 675
Postage	87 015	8 059
Printing & Stationery	403 046	383 040
Refreshments	63 259	59 110
Refuse Bags	216 970	184 539
Reimburive Travel	231 569	170 560
Rental of Hardware/Software	266 471	308 039
S & T Accommodation.	476 763	255 473
Security.	148 641	163 741
Software Licence Fees	46 685	207 085
Stores & Maintenance.	-	9 518
Landfill Site	279 032	208 400
Subsiised Vehicles	5 800	69 600
Subs Membership & Publication.	180 723	116 954
Sundry.	90 302	13 351
Training	392 953	103 025
Gender Development	13 665	0
Valuation Roll.	129 924	152 259
Youth Upliftment	548 384	610 521
Councillor Support Clerk	-	147 800
Moral Regeneration	68 000	0
Ward Committee	490 045	249 885
Strategic Plan.	202 511	536 795
IDP Small Projects.	689 493	557 209
Assets under R5000.	127 393	76 447
Destitute Support	66 487	53 058
Public Paticipation	486 172	150 578
Town Planning Innitiatives	52 909	373 534
Free Basic Electricity.	798 482	
	<b>11 685 443</b>	<b>9 490 384</b>
	^	^

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	2011	2 010
	R	R
<b>27 FINANCE LEASE LIABILITY</b>		
GRAP 13, paragraph 12 Leases, When the lease term is for the major part of the economic life of the asset even if title is not transferred or at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset the asset should be classified as a finance lease.		
Within one year	357 322	133 898
In the second to fifth year inclusive	1 081 933	320 365
After five years		
Future Finance charged on finance leases	<u>-361 895</u>	<u>-91 653</u>
<b>Total</b>	<u><u>1 077 361</u></u>	<u><u>362 610</u></u>
	^	^
The present of finance lease liabilities is as follows:		
Within one year	217 703	90 105
In the second to fifth year inclusive	859 658	272 504
After five years		
<b>Total</b>	<u><u>1 077 361</u></u>	<u><u>362 610</u></u>
	^	^
<b>28 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS</b>		
<b>29 Other income</b>		0
Recovery of unauthorised, irregular, fruitless and wasteful expenditure (Note 33.1)		
<b>Total Other Income</b>	<u><u>-</u></u>	<u><u>0</u></u>
<b>30 CASH GENERATED BY OPERATIONS</b>		
	2011	2 010
	R	R
Surplus/(deficit) for the year	31 057 180	19 851 402
Adjustment for:-		
Depreciation and amortisation	3 275 766	2 398 598
Increase in provisions - bad debts	3 321 241	622 298
Increase in provisions- leave		340 715
UIF provision		68 879
Increase in provision - Post retirement benefits.		0
Interest expense	103 738	102 011
Interest earned	<u>-2 182 949</u>	<u>-1 675 453</u>
<b>Operating profit before wkg changes</b>	<b>35 574 975</b>	<b>21 708 450</b>
(Increase)in trade receivables from exchange transactions.	-1 878 881	-2 385 285
Decrease in trade receivables from non-exchange transactions.	45 528	338 531
(Decrease)/Increase in VAT receivable	-913 639	-1 861 777
(Decrease)/Increase in conditional grants and receipts	-15 422 603	4 659 931
Increase /(Decrease) in trade payables	6 138 961	1 700 267
Decrease in long term receivable	0	62 788
Housing Development fund.	24 989	0
Prior Year Adjustments.	<u>-3 535 510</u>	<u>0</u>
<b>Cash generated by operations</b>	<u><u>20 033 819</u></u>	<u><u>24 222 905</u></u>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	34 208 513	40 054 583
<b>Net cash and cash equivalents (net of bank overdrafts)</b>	<u><u>34 208 513</u></u>	<u><u>40 054 583</u></u>
<b>31 CHANGE IN ACCOUNTING POLICY</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		



**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2011	2 010
	R	R
<b>32 CORRECTION OF ERROR</b>		
<b>32.1 Errors arising for the accounting of Fixed Assets</b>		
In terms of Grap 17		
32.1.1 Morningview Land had been accounted for as other debtors and has now been restated as Land in the Asset register.		
<b>Effect on Statement of Financial Position</b>		
increase in the Land assets	163 510	
decrease in other debtors	-163 510	
This had no effect on retained income		
Mig projects funded from grant payments relating to 2009/2010 were only paid and capitilised in 2010/2011 for Carisbrooke		
32.1.2 Community Hall R74130.00,Shiyabanye Sportsfield R12707.89, Dabulamani Hall R22759.78		
<b>Effect on Statement of Financial Position</b>		
increase in community assets	109 598	
decrease in grant expenditure	-109 598	
32.2 In terms of paragraph 12 of GRAP 13, a lease is classified as a finance lease if it meets one of the criteria eg.		
a) the lease term is for the major part of the economic life of the asset even if title is not transferred		
The leases for office equipment were incorrectly classified as operating leases instead of finance leases although the lease term is for the major part of the economic life of the assets:		
32.2.1 Balance as previously reported	0	
Leased assets capitalised	462 930	
Additional leases		
Terminated leases		
<b>Leased assets as restated</b>	<u>462 930</u>	
32.2.2 <b>Restatement of Leased assets accumulated depreciation</b>		
Balance as previously reported	0	
Accumulated depreciation on leased assets capitalised	240 626	
Terminated leases	0	
Restatement of depreciation for the year	0	
Depreciation for the year as previously reported	0	
<b>Depreciation for the year as restated</b>	<u>0</u>	
<b>Accumulated depreciation on leased assets restated</b>	<u>240 626</u>	
<b>change on surplus for the previous year</b>		
32.2.3 <b>Restatement of Lease liability</b>		
Non-Current lease liability as previously reported	0	
Lease liability	-462 930	
Additional leases		
Capital amortisation	100 320	
<b>Restated lease liability (note 27)</b>	<u>-362 610</u>	
32.2.4 <b>Finance charges of leased assets</b>		
	-236 092	
	135 772	
<b>change on surplus for the previous year</b>	<u>-100 320</u>	
32.3 <b>Long Service Liability</b>		
In terms of the IAS 19 employee benefits, long services awards payable by Ubuhlebezwe Municipality should be recognised as a liability. This was however not accounted for in prior years. During the current year, an actuarial valuation was obtained and the liability brought into account.		
<b>Effect on Statement of Financial Position</b>		
Decrease in retained income - Medical Benefits.	2 607 587	
Decrease in retained income - Long Services Benefits.	433 020	
Increase in long service obligation - Medical.	-2 607 587	
Increase in long service obligation - Long Services.	-433 020	
<b>Effect on Statement of Financial Performance</b>		
Increase in long service costs - Medical.	166 191	
Increase in long service costs - Long Services.	84 958	

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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		2011	2 010
		R	R
32.4	B.Enock, M.Zulu, Penders & Berg Gasoline rates duplicated , Bank transfer vote cleared <b>Effect on Statement of Financial Position</b> Decrease on retained income Increase in Bank.	-7 204	
32.5	Captured yr end creditors for eskom as 2087-15 instead of 2086-15 ref:27628 Captured yr end creditors for auditors as 6362.47 instead of 6362.57 ref:27477 Temp salary 2009/2010 not raised as creditor. D ngidi 4872.70, S Mdletshe -904.10 08/2009 <b>Effect on Statement of Financial Position</b> Increase on Creditors Decrease in retained income	0 -1 3 990 3 969 -7 958 7 958	
32.6	Compensation commission 2007-2009 not provided for <b>Effect on Statement of Financial Position</b> Decrease in retained income <b>Effect on Statement of Financial Performance</b> Increase in general expenditure	369 833 369 833	
32.7	Clear shadow bal. From bank 07/08 , 08/09 relating to outstanding orders not cancelled <b>Effect on Statement of Financial Position</b> Decrease in retained income <b>Effect on Statement of Financial Performance</b> Increase in general expenditure	14 356 14 356	
32.8	Ex-cllr khoza final payment & recovery Garnishees 2009/2010 not processed. Sars info duplicated 09/10 partially cleared <b>Effect on Statement of Financial Position</b> Increase in retained income Decrease in the salary suspense vote	5 074 -37 -25 569 -20 532	
32.10	Spar ref:5932 11/06/2007 still o/s. Traffic elec cr 2009/10 cheque returned 29/07/20 Payment key motors trolley jack not processed to ledger Hall hire Daves hire pd 26/08/09 raised as creditor error <b>Effect on Statement of Financial Position</b> Increase in retained income <b>Effect on Statement of Financial Performance</b> Decrease in general expenditure	-5 741 -3 312 195 1 711 -2 670 -9 816 -9 816	
32.11	Samras system not on assets <b>Effect on Statement of Financial Position</b> Increase in assets <b>Effect on Statement of Financial Performance</b> Increase in accumulated surplus	255 702 -255 702	
32.10	Amortisation on Samras system for 2009/2010 <b>Effect on Statement of Financial Position</b> Decrease in assets <b>Effect on Statement of Financial Performance</b> Decrease in accumulated surplus	-127 851 127 851	

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2011	2 010
	R	R
<b>UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE</b>		
<b>33 DISALLOWED</b>		
<b>33.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure		
Opening balance	-	4 606 259
Unauthorised expenditure current year	-	0
Approved by Council or condoned	-	-4 606 259
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>0</u>
	^	^
<b>Incident Unauthorised Expenditure</b>		
	<u>-</u>	<u>0</u>
	^	^
<b>33.2 Fruitless and wasteful expenditure</b>		
Reconciliation of fruitless and wasteful expenditure		
Opening balance -		
Fruitless and wasteful expenditure current year		
Interest charged on Electricity for Main Office August & September		1 287
Interest charged on Electricity for Main Office September		1 941
Interest Ixopo Health Committee		2
Interest Ixopo Health Committee		1 713
Interest Ixopo Health Committee		397
Interest charged on Electricity for Main Office		3
Interest Ixopo Health Committee		8
Interest Ixopo Health Committee		101
Penalty fees for Licence renewal NIX 8080		1 757
Penalty fees for Licence renewal NIX 5752		39
Siva Chetty & Company - Interest on late payment for Library costs		40 975
Condoned or written off by Council - still to be obtained		
To be recovered – contingent asset (see note 40)		
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>48 223</u>
	^	^
<b>Incident Disciplinary steps/criminal proceedings</b>		

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R
<b>33.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure		
Opening balance	0	
Fruitless and wasteful expenditure current year	10 872 593	48 223
Condoned or written off by Council		
Transfer to receivables for recovery – not condoned		
Irregular expenditure awaiting condonement	<u>10 872 593</u>	<u>48 223</u>
	^	^
<b>Incident</b>		
<b>Irregular expenditure - Non Compliance with Supply Chain Management</b>		
Andile Amanyathi - Energy Stoves		550 000
Mayeza BJ - Mgodl Skeyi Hall.		4 000
Indlu Trading CC - Sukuma Hall		9 000
<b>Previously Reported to Council</b>		
Multi-Finance Solutions.	99 050	
Multi-Finance Solutions.	179 000	
Multi-Finance Solutions.	124 780	
Multi-Finance Solutions.	112 860	
Multi-Finance Solutions.	41 040	
Multi-Finance Solutions.	135 432	
Gabhisa Planning and Investments	100 320	
The Horizon	39 000	
Skip Truck Traders (PTY) LTD.	196 725	
Umsizi Skills Academy	123 120	
Bongis Catering	2 550	
Event Mania	35 368	
Masakhe Promotions	18 525	
Uleda Consultants	75 000	
<b>Not Reported to Council</b>		
Multi-Finance Solutions.	143 224	
B & B Transport	199 694	
Trevwest Investments	61 200	
Uleda consultants	128 640	
KPMG	180 134	
Royal Tent and Tarp	40 210	
Atlantic Plastics	93 942	
Mkhabela Consulting Business Accountants	71 136	
Poobie Naidoo Sportman Warehouse	31 200	
Masedamoi Marketing and Projects	51 985	
Fana Manufacturing CC	63 270	
XM Designers	45 000	
Makhawini Trading Enterprise	30 500	
Willies Trading	57 456	
Bytes Systems Technology.	104 479	
Zamandla Business Enterprises	20 450	
Boxer Stores	26 392	
Ben Booysen	18 913	
Sew & Knit Centre	22 615	
Bongis Catering	10 500	
Mlati Trading	12 000	
Atlast Plastics	15 341	
Imperial Armour	12 312	
Mangwadleni Trading	29 100	
Menopix	27 000	
Veluno JV -KwaMpondo Skills centre	832 447	
Inkonka Sivils -Mkhalwane gravel road	1 123 427	
DNA Structures- Koshange community hall	143 890	
PMPZ Construction cc- Carrisbrook community hall	899 394	
B & B Transport- Plant hire contract	1 532 954	
Zeedo Trading- Labour supply contract	1 584 022	
Debbies Hardware- Materials supply	1 789 149	
Amazizi cc	128 821	
Amazizi cc	52 625	
Amazizi cc	6 400	
	<u>10 872 593</u>	<u>563 000</u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R
<b>ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE</b>		
<b>34 MANAGEMENT ACT</b>		
<b>34.1 Contributions to organised local government</b>		
Opening balance		
Council subscriptions	100 000	62 852
Amount paid - current	(100 000)	-62 852
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>34.2 Audit fees</b>		
Opening balance		
Current year audit fee	871 791	546 628
Amount paid - current year	(871 791)	-546 628
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>34.3 VAT</b>		
VAT input receivables and VAT output payables are shown in note 8 and 9. All VAT returns have been submitted by the due date throughout the year.		
<b>34.4 PAYE and UIF and Skills</b>		
Opening balance	-	0
Current year payroll deductions	2 566 554	1 792 307
Amount paid - current year	(2 566 554)	-1 792 307
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>34.5 Pension and Medical Aid Deductions</b>		
Opening balance		
Current year payroll deductions and Council Contributions	3 651 777	2 777 229
Amount paid - current year	(3 651 777)	-2 777 229
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<u><u>-</u></u>	<u><u>0</u></u>
	^	^
<b>34.6 Councillor's arrear consumer accounts</b>		
The following Councillors had arrear accounts outstanding for more than 90 days as at: -		
<b>as at 30 June 2011</b>		
Councillor N J Pieterse ( Acc No 136835 )	R 1867.96	1 882
Councillor N J Pieterse ( Acc No 111571 )	R 312.31	397
Councillor N J Pieterse ( Acc No 136646 )	R 2187.51	2 272
Councillor B E Mdlalose ( Acc No 119641 )	R 1186 64	1 199
<b>Total Councillor Arrear Consumer Accounts</b>	<u><u>0</u></u>	<u><u>5 749</u></u>
	^	^
<b>34.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act</b>		
None		

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2011	2 010
	R	R
<b>35 CAPITAL COMMITMENTS</b>		
<b>35.1 Commitments in respect of capital expenditure</b>		
- Total approved and contracted for	<b>25 579 399</b>	<b>26 479 734</b>
- Contract costs to complete	<b>7 474 566</b>	19 381 695
Infrastructure	876 748	1 445 840
Community	6 597 818	17 935 855
- Approved but not yet contracted for	<b>18 104 833</b>	<b>0</b>
Infrastructure	6 438 393	
Community	11 666 440	
Heritage		
Other		
<b>Total</b>	<b>25 579 399</b>	<b>26 479 734</b>
	^	^
This expenditure will be financed from:		
- External Loans		
- Government Grants	5 422 031	19 381 695
- Own resources	2 052 536	0
- District Council Grants		
	<b>7 474 566</b>	<b>19 381 695</b>
	^	^
<b>35.2 Operating leases</b>		
At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:		
<b>Operating leases - lessee</b>		
Operating leases paid per annum.	-	475 929
<b>Total</b>	-	<b>475 929</b>
	^	^
The operating leases have been reclassified as finance lease note 27		
Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases and rentals are negotiated for an average of five years.		
<b>Rental</b>		
Steiner Hygiene - Municipality	-	14 424
Steiner Hygiene - Fire Department	-	4 332
Steiner Hygiene - Traffic Department	-	7 260
Panasonic PABX (Switchboard)	-	29 147
Xerox copiers amounts vary each month total	-	306 791
Nashua - Council	-	23 125
Nashua - Council	-	46 792
Tracker - Service	-	4 139
Netstar - Fortuner 3,0 - Service	-	943
Trade Page - Web. Page maint.	-	38 976
(see note 23 Contract services)	-	<b>475 929</b>
	^	^

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R

**36 RETIREMENT BENEFIT INFORMATION**

**36.1 Defined contribution plan**

The following are defined contribution plans: These contributions have been expensed.

**36.2 Defined benefit plan**

**36.2.1 Pension benefits**

The Municipality's personnel are members of one of the three Natal Joint Municipal Pension Funds i.e. (Superannuation, Provident and Retirement).

The independent valuer carries out a statutory valuation on a triennial basis and an interim valuation on an annual basis (the 2009 interim has been completed). No valuation was performed in 2010.

**Superannuation**

An interim actuarial valuation of the Fund was carried out for the period ending 31 March 2009. The actuarial value of total assets was more (less) than the actuarial value of liabilities for the service of members to that date and for pensioners

by:	5 019 300 000	4 687 200 000
made up as follows:		
<b>For service to 31 March 2010</b>		
for pensioners - surplus funding level 123.3%	368 100 000	398 500 000
for members - deficit funding level 98.80%	-213 300 000	-29 900 000

The fund did hold an Investment Reserve of R 73 000 000 at 31 March 2010.

**For service after 31 March 2010**

The total contribution rate payable (excluding the surcharge) exceeded that required for future service by 1.69% (2005 : 1.0% ) of pensionable emoluments, or per year

**Conclusion**

The funding level of the Fund improved over the valuation period. The actuary is satisfied that the self-reinsurance arrangement is appropriate for the Fund; the asset composition of the Fund is appropriate to the nature of the liabilities; the contributions being paid to the Fund are sufficient to meet the expected cost of future benefits:

A recent study undertaken of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds, AIDs is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some

	-	4%
--	---	----

However, once the deficit in the Fund has been met the excess contributions will meet the increased cost resulting from AID S for the foreseeable future. It is therefore not necessary at this stage to adjust either the benefits or the contributions.



**UBUHLEBEZWE MUNICIPALITY**  
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	2011	2 010
	R	R
<b><u>Provident Fund</u></b>		
The salient features of the Statutory (Interim) Valuation Report on the fund as at 31 March 2009 were that the net market value of the Fund's assets were sufficient to fully cover the members' share account and to provide total reserves		
of;	573 952 000	573 952 000
The total interim rate of bonus credited over the year to members was compound	40%	0
A further bonus to all members at 31 October 2007 has been approved by the Committee of Management of	5%	0
The Actuary is satisfied that the asset composition of the Fund is appropriate to the nature of the liabilities and the Fund was in a sound financial condition at 31 March 2009.		
<b><u>Retirement Fund</u></b>		
The salient features of the Statutory (Interim) valuation of the fund at 31 March 2010 are:		
The actuarial value of total assets of the fund was less than the actuarial value of the liabilities for the service of members to that date and for pensioners by made up as follows:	1 812 000 000	1 667 600 000
<b>For service to 31 March 2010</b>		
for pensioners - funding level 114.6%	114 300 000	134 100 000
for members - funding level 79.00%	-243 200 000	-214 200 000
The fund was thus funded	88%	89%
The fund did not hold an Investment Reserve.		
<b>For service after 31 March 2010</b>		
The total contribution rate payable, including the total surcharge of 17% payable by and on behalf of pre 01 July 2002 members and by employers, exceeded that required for future service of members' pensionable emoluments of	12%	0
<b>Conclusion</b>		
The funding level is	88%	1
The actuary is satisfied that the self-insurance arrangement is appropriate for the Fund, the asset composition of the Fund is appropriate to the nature of the liabilities, the contributions being paid to the Fund are sufficient to meet the expected cost of future benefits		
A study undertaken in 2002 of the expected impact that A I D S will have on the Fund shows that although the Fund is fairly well protected in relation to other funds,		
A I D S is likely to result in an increase in the required rate of contribution of members' pensionable emoluments by 2010 of some	4%	0
The matter will be addressed again at a future date.		

**UBUHLEBEZWE MUNICIPALITY**  
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	2011	2 010
	R	R
<b>36.2.2 Post-employment medical benefits</b>		
The municipality operates on 3 accredited medical aid schemes, namely Bonitas, Keyhealth, and Samwumed.		
Pensioners continue on the option they belonged to on the day of their retirement. Independent valuers, ARCH actuarial consulting, carried out a statutory valuation as at 30 June 2011.		
The post-retirement medical obligations at 30 June 2011 quantified the present value of unfunded obligations at R3,077,107. The Current-service costs for the year ending 30 June 2011 is estimated at R139,590. The principal actuarial assumptions used included a discount rate of 8.63%, and a health care cost inflation rate of 7.34%.		
The movement in the liability recognised in the balance sheet is as follows:		
The principal actuarial assumptions used were as follows:		
Balance at beginning of the year	2 607 587	2 441 396
Current service cost	139 590	164 381
Interest cost	225 158	209 566
Benefit payments	-101 292	-94 056
<b>Actuarial (gains)/losses</b>	<b>206 064</b>	<b>-113 700</b>
Expected Employer Benefit Payments	-101 292	-94 056
<b>Closing Accrued Liability</b>	<b><u>3 077 107</u></b>	<b><u>2 607 587</u></b>
The figures as at 30 June 2010 have been included and the financials restated.	^	^
<b>The amounts recognised in the Statement of Financial Position were as follows:</b>		
Current service cost	139 590	
Interest cost	225 158	
Actuarial (gains)/losses	<u>206 064</u>	
	570 812	
Benefit payments	( 101 292)	
Transitional Liability	<u>2 607 587</u>	
	<u><u>3 077 107</u></u>	
	^	
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>		
Current service cost	139 590	164 381
Interest cost	225 158	209 566
Benefit payments	( 101 292)	-94 056
Actuarial (gains)/losses	<u>206 064</u>	<u>-113 700</u>
	<u><u>469 520</u></u>	<u><u>166 191</u></u>
	^	^
<b>Key Assumptions</b>		
Discount rate per annum	8.63%	0
Health care cost inflation rate	7.34%	0
Net effective discount rate	1.20%	0
Benchmark inflation (equal to salary inflation)	0%	0
Average retirement age	63	63
Proportion continuing membership at retirement	100%	1
Proportion of retiring members who are married	90%	1
Mortality during employment	SA 85-90 ultimate	SA 85-90 ultimate
Mortality post-retirement	PA90-1 ultimate	PA90-1 ultimate
(No explicit assumption was made about additional mortality or health care costs due to AIDS).		
Percentage of in-service members withdrawing before retirement:		
Age 20	40%	0
Age 30	25%	0
Age 40	12%	0
Age 50	4%	0
Age 55+	0%	0
The amounts recognised in the Statement of Financial Position	<u><u>3 077 107</u></u>	<u><u>2 607 587</u></u>

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	2011	2 010
	R	R
<b>36.2.3 Long Service Awards.</b>		
Independent valuers, ARCH actuarial consulting, carried out a statutory valuation as at 30 June 2011.		
<b>The principal actuarial assumptions used were as follows:</b>		
Discount rate per annum	8.05%	0
General Salary Inflation (Long term)	6.33%	0
Net effective discount rate	1.62%	0
Examples of mortality rates used were as follows:		
Average retirement age	63	63
Mortality during employment	SA85-90	SA85-90
Members withdrawn from services:		
Age 20	40%	0
Age 30	25%	0
Age 40	12%	0
Age 50	4%	0
Age 55+	0%	0
<b>The amounts recognised in the Statement of Financial Position were determined as follows:</b>		
Present value of funded obligations	537 188	433 020
Fair value of plan assets		
Liability in the Statement of Financial Position	<u>537 188</u>	<u>433 020</u>
(The obligation for 2009/2010 and prior years have only been raised in 2010/2011) Information for 2009/2010 completed in 2010/2011		
<b>Movements in the defined benefit obligation is as follows:</b>		
Balance at beginning of the year	433 020	348 062
Current service cost	83 587	61 514
Interest cost	33 856	26 566
Benefit payments	-36 964	-24 572
Actuarial (gains)/losses	23 689	21 450
Balance at end of year	<u>537 188</u>	<u>433 020</u>
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>		
Current service cost	83 587	61 514
Interest cost	33 856	26 566
Benefit payments	-36 964	-24 572
Actuarial (gains)/losses	23 689	21 450
Total, included in employee benefits expense	<u>104 168</u>	<u>84 958</u>
<b>In conclusion the retirement benefits were:</b>		
<b>Statement of Financial Position obligation for:</b>		
Post-employment medical benefits	3 077 107	2 607 587
Long Services Award.	<u>537 188</u>	<u>433 020</u>
	<u>3 614 295</u>	<u>3 040 607</u>
<b>Statement of Financial performance obligation for:</b>		
Post-employment medical benefits loss	469 520	166 191
Long Service Award loss	<u>104 168</u>	<u>84 958</u>
	573 688	251 149
Additional retirement costs.	-	0
	<u>573 688</u>	<u>251 149</u>
Long service award gain	-	0

**UBUHLEBEZWE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	2011	2 010
	R	R
<b>37 CONTINGENT LIABILITY</b>		
<b>37.1 Claim for damages</b>		
1 I Essop	-	60 000
2 Net Projects	-	2 575 000
3 Donation Transfers of Subs 46 & 48 farm Ezperanza No 1938	-	0
3 AH Mansoor Family Trust.	65 000	25 000
4 Mr H Ramsunder - eviction Municipal property.	4 120 000	50 000
5 Investigation by KPMG of Municipal Property Lot 427 (Gym equipment/Operation)	80 000	0
6 Ixopo Taxi Rank - eviction orders against illegal squatters	60 000	0
7 Tresso Trading/Showdown Investments cede right for building on Lot 175	50 000	0
8 KPMG investigate fraudulent cheques	40 000	0
	<u>4 415 000</u>	<u>2 710 000</u>
	^	^
<b>38 CONTINGENT ASSET</b>		
None	Nil	Nil
<b>39 IN-KIND DONATIONS AND ASSISTANCE</b>		
None	Nil	Nil
<b>40 RELATED PARTIES</b>		
Joint Ventures	-	0
Associates	-	0
Members of key management	-	0
Close family member of key management	-	0
Post employment benefit plan for employees of municipality and/or other related parties	-	0
Other related party relationships	-	0
- Umzimkulu Municipality (Land fill site usage)	279 032	0
<b>Related party balances</b>	<u>-</u>	<u>0</u>
	^	^
<b>41 EVENTS AFTER THE REPORTING DATE</b>		
None	Nil	Nil
<b>42 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS</b>		
The following areas involve a significant degree of estimation uncertainty:		
- Useful lives and residual values of property, plant, and equipment		
- Recoverable amounts of property, plant and equipment		
- Present value of defined benefit obligation		
- Provision for doubtful debts		
<b>43 RISK MANAGEMENT</b>		
<b>43.1 Maximum credit risk exposure</b>		
Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis in terms of council policy. Sales to consumer customers are settled in cash.		
<b>43.2 Liquidity risk</b>		
The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments.		
<b>43.3 Interest rate risk</b>		
As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.		
At year end, financial instruments exposed to interest rate risk were as follows:		
- Call deposits		
- Notice deposits		

**UBUHLEBEZWE MUNICIPALITY**

**APPENDIX A**

**APPENDIX A: SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2011**

<b>DESCRIPTION</b>	<b>Loan Number</b>	<b>Interest Rate</b>	<b>Date Repayable</b>	<b>Balance at 30/06/2010</b>	<b>Received during the year</b>	<b>Redeemed / Adjustments / (Interest Capitalised) during this period</b>	<b>Balance at 30/06/11</b>
		<b>%</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Annuity Loans</b>							
<b>Total Annuity Loans</b>				-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>				-	-	-	-

**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ending 30 June 2011**

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

As at 30 June 2011	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Correction	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R		R	R	R	R	R	R	R	
Investment Property	4 343 282	-				4 343 282	-				-	4 343 282
Buildings	9 905 787	551 999				10 457 786	3 117 617	333 408			3 451 025	7 006 761
Infrastructure	16 631 250	1 397 614			12 578 528	30 607 393	2 819 199	858 446			3 677 646	26 929 747
Community Assets	22 220 804	1 247 679			11 229 114	34 697 597	1 891 679	740 570			2 632 249	32 065 348
Heritage Assets	-					-	-				-	-
Other Assets	7 350 828	578 618				7 929 445	4 620 501	819 089			5 439 590	2 489 856
Investment Properties	-					-	-				-	-
Intangible Assets	255 702					255 702	127 851	127 851			255 702	-
Specialised Vehicles	1 030 033					1 030 033	345 078	103 096			448 175	581 859
Leased Assets	462 930	844 721				1 307 651	240 626	180 530			421 156	886 495
<b>Total</b>	<b>62 200 615</b>	<b>4 620 631</b>	<b>-</b>	<b>-</b>	<b>23 807 642</b>	<b>90 628 889</b>	<b>13 162 551</b>	<b>3 162 990</b>	<b>-</b>	<b>-</b>	<b>16 325 542</b>	<b>74 303 348</b>

As at 30 June 2010	Cost / Revaluation						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Disposals	Correction	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	
	R	R	R		R	R	R	R	R	R	R	
Investment Property	4 179 772	163 510				4 343 282					-	4 343 282
Buildings	9 946 649			(40 862)		9 905 787	2 783 601	334 016			3 117 617	6 788 170
Infrastructure	11 808 643	2 720 144		2 102 463		16 631 250	2 063 820	755 379			2 819 199	13 812 050
Community Assets	13 440 012	8 002 187		778 605		22 220 804	1 414 195	477 484			1 891 679	20 329 125
Heritage Assets	-					-					-	-
Other Assets	6 270 529	1 080 299				7 350 828	3 825 722	794 779			4 620 501	2 730 327
Investment Properties	-					-					-	-
Intangible Assets		255 702				255 702		127 851			127 851	127 851
Specialised Vehicles	308 359	721 674				1 030 033	308 138	36 940			345 078	684 955
Leased Assets		462 930				462 930		240 626			240 626	222 304
<b>Total</b>	<b>45 953 963</b>	<b>13 150 744</b>	<b>-</b>	<b>2 840 206</b>	<b>-</b>	<b>62 200 615</b>	<b>10 395 476</b>	<b>2 639 224</b>	<b>-</b>	<b>-</b>	<b>13 162 551</b>	<b>49 038 064</b>

**UBUHLEBEZWE MUNICIPALITY**  
**Annual Financial Statements for the year ending 30 June 2011**

74 303 347

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statement as at 30 June 2011

APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2011	Cost / Revaluation						Accumulated Depreciation					Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Transfers	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R		
Budget & Treasury	1 399 517	62 790			-41 969	1 420 338	1 053 749	192 598			1 246 347	173 991
Community Services	16 717 876	709 754	6 387 789		88 480	23 903 900	1 672 635	625 899			2 298 534	21 605 366
Corporate Services	15 063 771	1 469 751			-47 737	16 485 786	3 980 579	573 628			4 554 207	11 931 579
Executive & Council	1 081 038	26 463			1 225	1 108 726	689 784	103 535			793 319	315 407
Housing	28 907					28 907	12 674	4 337			17 011	11 896
Planning & Development	340 925	13 799				354 724	141 874	28 849			170 722	184 002
Public Safety	1 279 756	224 478				1 504 234	640 132	145 493			785 626	718 608
Roads	18 217 090	1 397 614	12 578 528			32 193 232	3 685 666	1 118 892			4 804 557	27 388 674
Solid Waste	1 225 001	172 567				1 397 568	480 409	118 006			598 415	799 154
Sports & Recreation	6 846 734	543 415	4 841 325			12 231 474	805 049	251 753			1 056 803	11 174 672
<b>Total</b>	<b>62 200 615</b>	<b>4 620 632</b>	<b>23 807 642</b>	<b>0</b>	<b>0</b>	<b>90 628 889</b>	<b>13 162 551</b>	<b>3 035 139</b>	<b>0</b>	<b>0</b>	<b>16 325 541</b>	<b>74 303 348</b>

Restated opening balances

As at 30 June 2010	Cost / Revaluation						Accumulated Depreciation				Carrying value	
	Opening Balance	Additions	Under Construction	Disposals	Corrections	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance		
	R	R	R	R	R	R	R	R	R	R		
Budget & Treasury	1 054 364	303 184			41 969	1 399 517	853 485	200 264			1 053 749	345 768
Community Services	11 439 535	5 326 077			-47 737	16 717 876	1 183 041	489 595			1 672 635	15 045 241
Corporate Services	14 362 575	701 197				15 063 771	3 362 873	617 705			3 980 579	11 083 193
Executive & Council	713 495	367 543				1 081 038	569 647	120 137			689 784	391 254
Housing	28 907					28 907	7 573	5 101			12 674	16 233
Planning & Development	302 972	37 954				340 925	106 533	35 341			141 874	199 051
Public Safety	873 866	405 889				1 279 756	548 569	91 564			640 132	639 623
Roads	13 394 483	2 720 144			2 102 463	18 217 090	2 681 979	1 003 687			3 685 666	14 531 424
Solid Waste	503 327	721 674				1 225 001	428 780	51 629			480 409	744 592
Sports & Recreation	3 280 438	2 822 784			743 511	6 846 734	652 996	152 053			805 049	6 041 685
<b>Total</b>	<b>45 953 963</b>	<b>13 406 446</b>	<b>0</b>	<b>0</b>	<b>2 840 206</b>	<b>62 200 615</b>	<b>10 395 476</b>	<b>2 639 224</b>	<b>0</b>	<b>0</b>	<b>13 162 551</b>	<b>49 038 064</b>



**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

APPENDIX D  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**

2010			2011		
Actual Income R	Actual Expenditure R	Surplus / (Deficit) R	Actual Income R	Actual Expenditure R	Surplus / (Deficit) R
<b>Revenue - Standard</b>					
<b>Executive and council</b>			<b>0</b>		
1 350 000	7 828 010	(6 478 010)		7 000 894	(7 000 894)
1 350 000	6 234 505	(4 884 505)		5 997 782	(5 997 782)
-	1 593 505	(1 593 505)		1 003 112	(1 003 112)
<b>49 576 102</b>	<b>16 274 668</b>	<b>33 301 434</b>	<b>47 278 153</b>	<b>14 786 578</b>	<b>32 491 575</b>
49 576 102	16 274 668	33 301 434	47 278 153	14 786 578	32 491 575
<b>Budget and treasury office</b>			<b>47 278 153</b>		
<b>395 168</b>	<b>3 918 362</b>	<b>(3 523 194)</b>	<b>438 398</b>	<b>6 690 581</b>	<b>(6 252 183)</b>
-	0	-	-	-	-
330 360	165 073	165 288	323 568	369 456	(45 888)
64 808	3 753 290	(3 688 481)	114 830	6 321 125	(6 206 295)
<b>45 722</b>	<b>3 281 514</b>	<b>-3 235 792</b>	<b>460 024</b>	<b>4 685 528</b>	<b>(4 225 505)</b>
31 808	1 956 367	(1 924 560)	10 091	2 375 029	(2 364 938)
13 914	370 168	(356 254)	114 781	515 963	(401 181)
-	215 824	(215 824)	6 755	373 211	(366 456)
0	-	0	22 640	66 487	( 43 847)
-	0	-	-	-	-
-	739 154	(739 154)	305 757	1 354 839	(1 049 082)
<b>3 309 452</b>	<b>2 780 693</b>	<b>528 758</b>	<b>2 740 173</b>	<b>4 330 717</b>	<b>-1 590 544</b>
3 309 452	2 198 263	1 111 189	2 740 173	2 826 325	-86 152
-	582 430	(582 430)	-	1 504 392	(1 504 392)
<b>1 425</b>	<b>209 890</b>	<b>(208 466)</b>	<b>605 170</b>	<b>899 690</b>	<b>(294 520)</b>
1 425	209 890	(208 466)	605 170	899 690	(294 520)
<b>11 189 362</b>	<b>12 707 740</b>	<b>(1 518 377)</b>	<b>131 821</b>	<b>2 257 405</b>	<b>(2 125 584)</b>
		-	93 958	1 953 949	-1 859 991
11 189 362	12 707 740	(1 518 377)	37 863	303 455	(265 593)
<b>37 964</b>	<b>1 630 861</b>	<b>(1 592 897)</b>	<b>28 030 941</b>	<b>6 103 664</b>	<b>21 927 277</b>
37 964	1 630 861	(1 592 897)	28 030 941	6 103 664	21 927 277
<b>1 045 772</b>	<b>2 003 335</b>	<b>(957 563)</b>	<b>1 312 346</b>	<b>3 184 789</b>	<b>(1 872 443)</b>
1 045 772	2 003 335	(957 563)	1 312 346	3 184 789	(1 872 443)
<b>66 950 968</b>	<b>47 099 565</b>	<b>16 315 893</b>	<b>80 997 026</b>	<b>49 939 846</b>	<b>31 057 179</b>
<b>Total Revenue - Standard</b>			<b>Total Revenue - Standard</b>		

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**APPENDIX F**

**APPENDIX F(1): ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2011**

	Budget 2011 R	Actual 2011 R	Variance 2011 R	Variance 2011 %	Explanation of significant Variance greater than 10% versus Budget
<b>REVENUE</b>					
Property rates	( 5 961 945)	( 5 959 382)	( 2 563)	-0.04%	n/a
Property rates- penalties and collection charges	( 146 942)	-	( 146 942)	-100.00%	Due to system problems.
Service charges	( 1 035 442)	( 1 043 916)	8 474	0.82%	n/a
Rental of facilities and equipment	( 466 205)	( 423 324)	( 42 881)	-9.20%	n/a
Interest earned- external investments	( 2 327 722)	( 2 182 949)	( 144 773)	-6.22%	n/a
Fines	( 35 502)	( 41 458)	5 956	16.78%	
Licences and permits	( 2 403 151)	( 2 708 968)	305 817	12.73%	
Government grants and subsidies	( 70 869 728)	( 67 959 025)	( 2 910 703)	-4.11%	Due to grants received in unspent conditional grants.
Other income	( 669 831)	( 678 003)	8 172	1.22%	n/a
<b>Total Revenue</b>	<b>( 83 916 468)</b>	<b>( 80 997 026)</b>	<b>( 2 919 442)</b>	<b>3.60%</b>	
<b>EXPENDITURE</b>					
Employee Related Costs	18 558 133	16 707 012	1 851 121	-9.97%	n/a
Remuneration Of Councillors	5 856 960	4 652 724	1 204 237	-20.56%	n/a
Repairs And Maintenance	3 327 891	2 387 857	940 034	-28.25%	n/a
Depreciation	1 801 852	3 162 990	( 1 361 138)	75.54%	Not budgeted for depreciation on PPE.
Grants & Subsidies Paid	29 947 651	5 693 095	24 254 556	-80.99%	Expenditure allocated directly to unspent conditional grants.
General Expenses - Other	21 767 634	12 838 579	8 929 055	-41.02%	
Contributions to provisions.	2 669 711	4 393 852	( 1 724 141)	64.58%	Due to own capital contribution for PPE
Finance Charges		103 738	( 103 738)		
<b>Total Expenditure</b>	<b>83 929 832</b>	<b>49 939 847</b>	<b>33 989 985</b>	<b>68.06%</b>	
<b>NET (SURPLUS)/ DEFICIT FOR THE YEAR</b>	<b>13 364</b>	<b>( 31 057 180)</b>	<b>31 070 543</b>		

**UBUHLEBEZWE MUNICIPALITY**  
Annual Financial Statements for the year ended 30 June 2011

**APPENDIX E**  
**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 56 OF 2003**

Name of Grants	Name of organ of state or municipal entity	Unspent portion 2009/2010 financial statements	Adjustments and Transfers	Quarterly Receipts				Total Receipts	Quarterly Expenditure				Total Expenditure	Unspent portion 2010/2011 financial statements
				July to Sept	Oct to Dec	Jan to Mar	April to June		July to Sept	Oct to Dec	Jan to Mar	April to June		
				1	2	3	4		1	2	3	4		
Equitable Share	National Treasury	-		14 782 716	11 826 173	8 871 000		35 479 889	8 869 972	8 869 972	8 869 972	8 869 972	35 479 889	-
Anti Corruption Grant	Digta	177						-			177		177	-
Capital Investment Program	Digta	9 700						-					-	9 700
Financial Management Grant	National Treasury	749 350		1 500 000				1 500 000	361 241	881 879	629 167	377 063	2 249 350	-
M F M A Implementation Plan	Digta	134 899						-			12 214	122 685	134 899	-
G I S Grant	Digta	237 606						-				90 894	90 894	146 712
Hawkers/Taxi Grant	Digta	1 033 341						-					-	1 033 341
H R Systems Governance	Digta	7 170						-					-	7 170
Internal Roads	Digta	10 617 961						-	1 740 203	4 763 837	2 900 584	1 213 337	10 617 961	-
Ixopo Sportfields	Digta	307 058						-			305 756		305 756	1 302
Kuyasa School Grant	Digta	4 302						-					-	4 302
Land Use Management	Digta	220 238						-					-	220 238
Library Assistant	Digta	3 023						100 800	24 493	24 492	24 656	24 328	97 969	5 854
Library Building Grant	Digta	-			220 966			220 966					-	220 966
M I G Grant	National Treasury	6 013 351			3 025 000	7 713 000	2 432 000	13 170 000	1 620 721	4 461 981	1 062 808	9 217 027	16 362 537	2 820 814
Management Assistance	Digta	288 894						-	96 790		145 800		242 590	46 304
Marithal Project	Digta	8 197						-					-	8 197
Market Stalls	Digta	350 877						-					-	350 877
Municipal Development Planning Capacity Building		24 973						-					-	24 973
Municipal Administrative Development	Digta	9 000						-					-	9 000
Mziki L C H	Digta	(573 880)						-					-	-573 880
Nokweja Disaster Fund	Digta	13 414						-				10 091	10 091	3 323
Programme Support	Digta	16 908						-			16 908		16 908	-
Project Consolidate	Digta	595 152		750 000				750 000	238 736	145 492	153 446	392 510	930 184	414 968
Project Management Unit	Digta	-					723 721	723 721				560 344	560 344	163 377
Sangcwaba Grant	Digta	673 950						-					-	673 950
Sponya Housing Project	Digta	-		61 440	329 960	199 644		591 044	307 384	183 672	199 976	( 99 988)	591 044	-
Waste Disposal Site	Digta	413 050						-				268 429	268 429	144 621
		<b>21 158 712</b>	<b>-</b>	<b>17 094 156</b>	<b>15 402 099</b>	<b>16 783 644</b>	<b>3 256 521</b>	<b>52 536 420</b>	<b>13 259 540</b>	<b>19 331 325</b>	<b>14 321 465</b>	<b>21 046 694</b>	<b>67 959 024</b>	<b>5 736 108</b>
Unspent grants at 30 June 2010 - Note 7		<u>573 880</u>												<u>573 880</u>
		<u>21 732 592</u>												<u>6 309 988</u>

Reflected as other debtors - claims submitted awaiting settlement - Note 6  
Unspent grants at 30 June 2011 - Note 13