

**UMHLABUYALINGANA UMASIPALA WASEKHAYA
UMHLABUYALINGANA LOCAL MUNICIPALITY**

**FINANCIAL STATEMENTS FOR
THE YEAR ENDED 30 JUNE 2012**

UMHLABUYALINGANA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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UMHLABUYALINGANA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

GENERAL INFORMATION

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

Capacity of Municipality

Medium Capacity Municipality

Auditors

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

GENERAL INFORMATION (continued)

Bankers

First National Bank of South Africa

Registered office: Municipal Building, Kwangwanase

Physical address: Main Street
Manguzi

Postal address: Private Bag X 901
KwaNgwanase
3973

Telephone Number: 035 - 592 0680

Fax Number: 035 - 592 0672

Municipal Manager

Mr. S.E Bukhosini

Chief Financial Officer

Mr. N.P.E Myeni

2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

REPORT OF THE AUDITOR-GENERAL OF SOUTH AFRICA

30 JUNE 2012

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

STATEMENT OF THE MUNICIPAL MANAGER'S RESPONSIBILITY

UMHLABUYALINGANA LOCAL MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future. The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements.

The annual financial statements set out on page 1 to 39 and appendices A to D which have been prepared on the going concern basis, were approved by accounting officer.

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Mr. S.E Bukhosini
Municipal Manager

31 August 2012
Date

UMHLABUYALINGANA MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ended 30 June 2012

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRA including any interpretations, guidelines and directives issued by the Accounting Standards Board

These standards are summarised as follows:

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

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

1.2 PRESENTATION CURRENCY

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

1.3 GOING CONCERN ASSUMPTION

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

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

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

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March
GRAP 23	Revenue from Non-Exchange Transactions - issued February
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 25	Employee Benefits
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
GRAP 104	Financial Instruments

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

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

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

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

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

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

2.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

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

2.3 DEPRECIATION AND IMPAIRMENT

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

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

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

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

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

2.4 DERECOGNITION

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

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

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

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

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

Intangible assets are initially recognised at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

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

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

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

3.4 DERECOGNITION

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

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

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

5 NON-CURRENT ASSETS HELD FOR SALE

5.1 INITIAL RECOGNITION

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

5.2 SUBSEQUENT MEASUREMENT

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

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

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

6 FINANCIAL INSTRUMENTS

6.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

6.2 SUBSEQUENT MEASUREMENT

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

6.2.1 INVESTMENTS

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

6.2.2 TRADE AND OTHER RECEIVABLES

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

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

6.2.3 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

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

6.2.4 CASH AND CASH EQUIVALENTS

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

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

7 UNAUTHORISED EXPENDITURE

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

8 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998), Division of Revenue Act of 2008 or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

10 PROVISIONS

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

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

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

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

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

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES

11.1 MUNICIPALITY AS LESSEE

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

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to 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 accrued on a straight-line basis over the term of the relevant lease.

11.2 MUNICIPALITY AS LESSOR

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

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Interest revenue is recognised on a time proportion basis.

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

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

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

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

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

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

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

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

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

12.3 GRANTS, TRANSFERS AND DONATIONS

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

13 BORROWING COSTS

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

14 EMPLOYEE BENEFIT

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

15 IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

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

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

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

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

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

16 Donations and Public Contributions Reserve

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



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Umhlabuyalingana Local Municipality

Statement of financial position as at 30 June 2012

	Notes	2012	2011
		R	R
Assets			
Current assets		65 243 678	56 859 832
Trade and other receivables	<u>05</u>	476 776	468 353
Trade and Receivable from exchange transactions	<u>04</u>	308 894	607 862
Vat receivable	<u>03</u>	3 673 888	888 382
Cash and cash equivalents	<u>06</u>	60 784 119	54 895 236
Non-current assets		99 187 709	69 307 681
Property, plant and equipment	<u>01</u>	98 369 853	68 434 148
Intangible	<u>02</u>	771 279	255 385
Long term debtors	<u>05</u>	46 578	618 148
Total assets		164 431 387	126 167 515
Net assets and liabilities			
Current liabilities		24 939 341	40 601 590
Trade and other payables	<u>08</u>	3 857 048	7 967 091
Unspent Conditional Grants	<u>09</u>	17 931 834	32 038 447
Current portion of lease liability	<u>27</u>	70 807	39 286
Provisions	<u>10</u>	3 079 652	556 766
Non- Current Liabilities		215 842	195 077
Finance Lease Obligation	<u>27</u>	215 842	195 077
Net assets		139 276 203	85 370 849
Accumulated surplus	<u>07</u>	139 276 203	85 370 849
Total net assets and liabilities		164 431 387	126 167 516

Umhlabuyalingana Local Municipality

Statement of financial performance for the year ended 30 June 2012

	Notes	2012	2011
		R	R
Revenue			
Property rates	11	3 305 952	1 652 976
Interest earned-Investment and Main bank	12	1 524 543	973 995
Fines, licences and permits	14	1 688 065	1 126 045
Government grants and subsidies	15	87 752 807	49 144 441
Donations received	13	-	104 386
Other revenue	16.1	71 389	876 359
Rental revenue	16.2	33 232	32 844
Gain of Sale of asset		20 000	-
Total Revenue (A)		94 395 989	53 911 046
Expenditure (classified by nature)			
Employee related costs	17	10 380 952	10 118 859
Councillor remunerations	18	6 756 297	4 447 882
Contracted Services	19.1	68 307	62 863
Depreciation	19.2	4 148 551	3 580 768
Repairs and maintenance	20	1 013 573	234 152
Provision for bad debt	04	2 502 796	271 116
Asset impairment		1 743 760	3 970 061
Provision for Rehabilitation of Site		-	1 788 982
Leave Expense		84 619	196 240
Interest and Penalties		64 440	59 547
Administration and other expenses	21	13 727 324	6 924 765
Total Expenditure (B)		40 490 619	31 655 234
Surplus/(Deficit) for the year (A-B)		53 905 370	22 255 812

UMHLABUYALNGANA LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED JUNE 2012		
	Accumulated surplus/(deficit)	Total
	R	R
Balance at 01 July 2010	61 098 377	61 098 377
Surplus for the year	22 255 812	22 255 812
Correction of prior period arrers	2 016 660	2 016 660
Balance at 30 June 2011	85 370 849	85 367 747
Surplus for the year	53 905 370	53 905 370
Asset disposal	-	-
Prior year Adjustment and adjustment to accumulated surplus	-	-
	139 276 219	139 273 117

UMHLABUYALNGANA LOCAL MUNICIPALITY
Cash flow statement for the year ended 30 June 2012

	Note	2012	2011
		R	R
Cash flow from operating activities			
Cash received from consumers, government and other		73 396 193	52 937 050
Cash paid to suppliers and employees		(35 060 961)	(22 044 307)
Cash generated from operations	29	38 335 232	30 892 743
Dividends received		-	
Interest received		1 524 543	973 995
Interest paid		(64 440)	
Net cash flow from operating activities		39 795 335	31 866 738
Cash flow from investing activities			
Additions to property, plant and equipment		(33 357 633)	(10 084 844)
Proceeds on disposal of property, plant and equipment			
Additions to intangible assets		(601 104.04)	
Increase in investments			(7 146 207)
Increase in non-current receivables			
Decrease in call investment deposits			
Net cash flow from investing activities		(33 958 737)	14 635 687
Cash flow from financing activities			
Non-current liabilities raised		52 286	-
Decrease in short-term loans			
Net cash flow from financing activities		52 286	
Net cash flows for the year		5 888 884	46 502 426
Cash and cash equivalents beginning of year		54 895 236	8 392 810
Cash and cash equivalents end of year		60 784 119	54 895 236

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

01 Property Plant and Equipment
Year ended 01 July 2011

	Land and buildings	Roads & Water	Assets under construction	Vehicles	Finance Leased Assets	Plant & Equipment	Total
	R	R		R	R	R	R
Cost at the beginning of the year	26 496 498	22 852 536	31 304 886	2 062 323	276 818	3 793 275	86 786 335
Accumulated Depreciation	(3 910 922)	(7 785 101)	-	(543 973)	(63 503)	(1 831 321)	(14 134 820)
Accumulated Impairment	(1 628 698)	(2 341 363)	-	-	-	-	(3 970 061)
Prior year correction	-	-	-	-	-	-	-
Prior year correction	-	-	-	-	-	-	-
Carrying amount at beginning of year	20 956 878	12 726 072	31 304 886	1 518 350	213 315	1 961 954	68 681 125
Acquisitions	-	321 209	-	652 587	109 272	1 059 734	2 142 471
Capital Under Construction (WIP)	-	-	31 215 162	-	-	-	31 215 162
Land fill site	2 500 886	-	-	-	-	-	2 500 886
Asset Under Construction released	30 023 276	10 159 440	(40 182 715)	-	-	-	-
Impairment	-	(1 570 279)	-	-	-	(173 482)	(1 743 760)
Disposals- Cost	-	-	-	(283 108)	-	-	(283 108)
Disposal Accumulated Depreciation	-	-	-	283 108	-	-	283 108
Depreciation charge	(961 954)	(2 319 085)	-	(281 360)	(84 597)	(448 532)	(4 095 527)
Carrying amount at end of year	52 519 086	18 987 184	22 337 333	(281 360)	237 991	2 399 674	98 369 853

At 30 June 2012

Carrying amount	52 519 086	18 987 184	22 337 333	1 889 577	237 991	2 399 674	98 369 853
Cost at the end of the year	59 020 659	33 333 184	22 337 333	2 431 802	386 090	4 853 009	122 361 746
Accumulated impairment	(1 628 698)	(3 911 642)	-	-	-	(173 482)	(5 713 821)
Accumulated depreciation	(4 872 876)	(10 434 359)	-	(542 225)	(148 100)	(2 279 853)	(18 277 412)

Disposal Analysis

Cost	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-
Carrying Value	-	-	-	-	-	-	-

1.1 Fully depreciated assets still in use

They are 339 asset that have fully depreciated but are still in use. The municipality will dispose them in the next twelve months.

02 INTANGIBLE ASSETS

Intangible assets

Reconciliation of intangible assets - 2012

	Opening balance	Addition	Amortisation	Total
				-
Computer Software	255 385	601 105	(85 210)	771 279

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Reconciliation of intangible assets - 2011	Opening balance	Addition	Amortisation	Total
Computer Software	340 546	-	(85 161)	255 385

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

03	VAT RECEIVABLE	2012	2011
	VAT receivable	<u>3 673 888</u>	<u>888 382</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

04	Trade and Receivable from exchange transaction	Gross Balance	Provision for doubtful Debts	Net Balance
	<u>Trade receivables</u>	R	R	R
	as at 30 June 2012			
	Service debtors			
	Rates	2 360 705	(2 051 811)	308 894
	Total	<u>2 360 705</u>	<u>(2 051 811)</u>	<u>308 894</u>

	as at 30 June 2011			
	Service debtors			
	Rates	844 514	(236 652)	607 862
	Total	<u>844 514</u>	<u>(236 652)</u>	<u>607 862</u>

BUSINESS

<u>Rates: Ageing</u>	2 012	2 011
Current (0 – 30 days)	77 867	81 447
31 - 60 Days	56 175	78 052
61 - 90 Days	56 175	78 052
91 - 120 Days	55 342	70 611
121 - 365 Days	55 342	536 352
+ 365 Days	659 025	-
Total	<u>959 925</u>	<u>844 514</u>

Summary of Debtors by Customer Classification

	Industrial / Commercial	National and Provincial Government	Total
	R'000	R'000	R'000
as at 30 June 2012			
Current (0 – 30 days)	-	(91 000)	(91 000)

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

31 - 60 Days	77 867	90 066	167 932
61 - 90 Days	56 175	90 063	146 238
91 - 120 Days	56 175	90 063	146 238
121 - 150 Days	55 342	92 212	147 554
+ 150 Days	714 367	1 129 378	1 843 745
Sub-total	959 925	1 400 781	2 360 706
Debtors discounting	(437 402)		(437 402)
Less: Provision for doubtful debts	(1 888 462)	-	(1 888 462)
Total debtors by customer classification	(1 365 939)	1 400 781	34 842
as at 30 June 2011			
Current (0 – 30 days)	38 558	42 888	81 447
31 - 60 Days	35 192	42 860	78 052
61 - 90 Days	35 192	42 860	78 052
91 - 120 Days	35 192	35 420	70 611
121 - 365 Days	279 846	256 506	536 352
+ 365 Days	-	-	-
Sub-total	423 979	420 535	844 514
Less: Provision for doubtful debts	(118 326)	(118 326)	(236 652)
Total debtors by customer classification	305 653	302 209	607 862

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

05	<u>Trade and other receivables</u>	2012	2011
	<u>Short Term</u>		
	Re-Imbursive overpayments	417 397	417 396
	PMU Debtors	199 000	-
	MIG	1 820	1 820
	Other	610	5 043
	Debtors overpayment Cllrs	618 148	690 353
	Accrued Income	8 479	6 352
		<u>1 245 454</u>	<u>1 120 964</u>
	Less	-	-
	Total receivables	<u>1 245 454</u>	<u>1 120 964</u>
	Less Long-term portion	<u>(768 678)</u>	<u>(618 148)</u>
	Short term portion	<u>476 776</u>	<u>502 816</u>
	<u>Long term</u>		
	Long term portion	768 678	618 148
	Provision less provision	<u>(722 100)</u>	
	Net Amount	<u>46 578</u>	<u>618 148</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

06	<u>Cash and Cash equivalent</u>	2012	2011
	Petty Cash	2 436	187
	Current account: First National Bank Hluhluwe branch	46 863 925	41 735 505
	Call account : First National Bank Hluhluwe branch	894 391	870 963
	Money Market account : First National Bank Hluhluwe branch	1 193 620	1 148 462
	Money Market account : First National Bank Hluhluwe branch	675 440	650 173
	32 Days Notice account : First National Bank Hluhluwe branch	11 114 102	10 451 193
	32 Days Notice account : Standard Bank Empangeni branch	15 290	14 875
	32 Days Notice account : Ned Bank Richards Bay	24 915	23 877
		<u>60 784 119</u>	<u>54 895 236</u>

06.1	<u>Current account (Primary Account)</u>		
	<u>First National Bank Hluhluwe branch - 62025236408</u>		
	Cash book balance at beginning of year	-	41 735 505
	Cash book balance at end of year	<u>46 863 925</u>	<u>41 735 505</u>
	Bank statement balance at beginning of year		
	Bank statement balance at end of year		

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Call Account

First National Bank Hluhluwe branch - 62055161146

Cash book balance at beginning of year	-	870 963
Cash book balance at end of year	894 391	
Bank statement balance at beginning of year	-	870 963
Bank statement balance at end of year	894 391	-

Call Account

First National Bank Hluhluwe branch - 62217154351

Cash book balance at beginning of year	-	1 148 462
Cash book balance at end of year	1 193 620	-
Bank statement balance at beginning of year	-	1 148 462
Bank statement balance at end of year	1 193 620	-

Call Account

First National Bank Hluhluwe branch - 62266899825

Cash book balance at beginning of year		
Cash book balance at end of year	675 440	650 173
Bank statement balance at beginning of year		
Bank statement balance at end of year	675 440	650 173

Call Account

First National Bank Hluhluwe branch - 74275256516

Cash book balance at beginning of year		-
Cash book balance at end of year	11 114 102	10 451 193
Bank statement balance at beginning of year		
Bank statement balance at end of year	11 114 102	10 451 193

Call Account

Standard Bank - Empangeni Branch - 068824491

Cash book balance at beginning of year	-	14 875
Cash book balance at end of year	15 290	
Bank statement balance at beginning of year	-	14 875
Bank statement balance at end of year	15 290	-

Call Account

Ned Bank - Richards Bay Branch - 28702097

Cash book balance at beginning of year	-	23 877
Cash book balance at end of year	24 915	

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Bank statement balance at beginning of year	-	23 877
Bank statement balance at end of year	24 915	-

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

07	Accumulated Surplus/Deficit	2012	2011
	Accumulated surplus (deficit) at the beginning of the year	83 354 189	61 098 377
	Operating surplus (deficit) for the year	53 905 370	22 255 812
	Grants used to purchase PPE		
	Appropriations for the year:-		
	Donations and Public, Government grant and Capitalisation Reserve Transfer to Accumulated Surplus		
	Prior year Adjustments		
	Accumulated Surplus / (deficit) before transfers	137 259 559	83 354 189
	Depreciation	-	-
	Accumulated surplus / (deficit) for the year	137 259 559	83 354 189

08	Trade and other Payables	2012	2011
	CREDITORS CONTROL	100	5 985 846
	PAY AS YOU EARN	7 666	1 981 245
	CREDITORS SUNDRY	2 801 064	
	ACCRUED EXPENSES	227 722	
	DEFERRED INCOME	20	
	PAYROLL - SUNDRY ACCOUNT	66 050	-
	Consumer deposit	117 969	
	RETENTIONS	636 750	-
		3 857 342	7 967 091

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

09	Unspent Conditional Grants	2012	2011
	National Government Grants Capital		
	Municipal Infrastructure		
	Opening balance	10 117 188	2 548 316
	Add receipt during the year	19 908 000	16 238 000
	Less transfer to operating income	<u>(18 551 976)</u>	<u>(8 669 129)</u>
	Closing balance	<u>11 473 212</u>	<u>10 117 188</u>
	 Department of Energy : Electricity		
	Opening balance	9 000 000	-
	Add receipt during the year	-	9 000 000
	Less transfer to operating income	<u>(6 562 938)</u>	<u>-</u>
	Closing balance	<u>2 437 062</u>	<u>9 000 000</u>
	 National Government Grants Operating		
	Municipal Systems improvement Grant		
	Opening balance	95 918	124 621
	Add receipt during the year	790 000	750 000
	Less transfer to operating income	<u>(885 918)</u>	<u>(778 703)</u>
	Closing balance	<u>-</u>	<u>95 918</u>
	 Financial Management Grant		
	Opening balance	1 328 792	1 512 124
	Add receipt during the year	1 450 000	1 200 000
	Less transfer to operating income	<u>(2 475 232)</u>	<u>(1 383 332)</u>
	Closing balance	<u>303 560</u>	<u>1 328 792</u>
	 Provincial Government Grants Capital		
	Project Consolidate Manguzi		
	Opening balance	665 669	665 669
	Add receipt during the year	700 000	-
	Less transfer to operating income	<u>(446 249)</u>	<u>-</u>
	Closing balance	<u>919 420</u>	<u>665 669</u>
	 Department of Sport		
	Opening balance	809 868	809 868
	Add receipt during the year	150 000	-

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Less transfer to operating income	(848 149)	-
Closing balance	<u>111 719</u>	<u>809 868</u>

Project Consolidate Khiphimbazo

Opening balance	213 345	213 345
Add receipt during the year	-	-
Less transfer to operating income	<u>(213 345)</u>	<u>-</u>
Closing balance	<u>(0)</u>	<u>213 345</u>

Urban Development Grant

Opening balance	907 195	907 195
Add receipt during the year	-	-
Less transfer to operating income	<u>-</u>	<u>-</u>
Closing balance	<u>907 195</u>	<u>907 195</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

COGTA: Small town rehabilitation	2012	2011
Opening balance	5 738 586	-
Add receipt during the year	1 000 000	6 500 000
Less transfer to operating income	(6 396 206)	(761 414)
Closing balance	<u>342 380</u>	<u>5 738 586</u>

Provincial Government Grants Operating

Spatial Development

Opening balance	43 000	43 000
Add receipt during the year	-	-
Less transfer to operating income	(43 000)	-
Closing balance	<u>-</u>	<u>43 000</u>

Library Grant

Opening balance	354 209	22 500
Add receipt during the year	1 502 193	1 415 807
Less transfer to operating income	(1 208 095)	(1 084 098)
Closing balance	<u>648 307</u>	<u>354 209</u>

Manzengwenya Project

Opening balance	7 500	7 500
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>7 500</u>	<u>7 500</u>

Phelandaba Development Grant

Opening balance	364 600	364 600
Add receipt during the year	-	-
Less transfer to operating income	(186 000)	-
Closing balance	<u>178 600</u>	<u>364 600</u>

Nhlange Lake Restaurant

Opening balance	5 600	5 600
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>5 600</u>	<u>5 600</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

KwaTembe Concrete Project

Opening balance	86 111	86 111
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>86 111</u>	<u>86 111</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

	2012	2011
Municipal Assistance Programme		
Opening balance	564 486	758 263
Add receipt during the year	-	-
Less transfer to operating income	(313 318)	(193 777)
Closing balance	<u>251 168</u>	<u>564 486</u>
Mbazwana and Manguzi Hubs		
Opening balance	160 000	160 000
Add receipt during the year	-	-
Less transfer to operating income	-	-
Closing balance	<u>160 000</u>	<u>160 000</u>
COGTA: Ground Nuts		
Opening balance	1 476 381	-
Add receipt during the year	-	2 000 000
Less transfer to operating income	(1 476 381)	(523 619)
Closing balance	<u>-</u>	<u>1 476 381</u>
Land Use Management Grant		
Opening balance	100 000	100 000
Receipt during the year	-	-
Transfer to operating income	(100 000)	-
Closing balance	<u>-</u>	<u>100 000</u>
Arts and Culture grant		
Opening balance	-	-
Receipt during the year	100 000	-
Transfer to operating income	-	-
Closing balance	<u>100 000</u>	<u>-</u>
Grants from District Municipality		
DC 27 Shared Services		
Opening balance	-	208 880
Add receipt during the year	-	-
Less transfer to operating income	-	(208 880)
Closing balance	<u>-</u>	<u>-</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

TOTAL UNSPENT GRANTS	<u>17 931 834</u>	<u>32 038 447</u>
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10	Current Provisions		
	Landfill Sites	2 500 886	-
	Staff Leave provision	<u>578 767</u>	<u>598 247</u>
		<u>3 079 652</u>	<u>598 247</u>

11	Property Rates	2012	2011
	The Valuation came into effect on:	01/07/2010	01/07/2010
	Rebates		
	Agricultural Properties	50%	75%
	Pensioners	50%	75%
	Public Benefit Organisation	50%	75%
	Sporting Bodies	50%	75%
	Developed residential properties Value of R 55 000 and less		

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

Rebate on Phasing in	2012	2011
Business, commercial and Industries	50%	75%
Agricultural properties	50%	75%
State Trust Land	50%	75%
State owned properties	50%	75%
Public infrastructure	50%	75%
Income for gone		
Residential properties		-
Actual Revenue Recognises		
Business, Commercial and Industrial.	934 400	467 200
State owned properties	674 168	833 450
State trust Land	1 668 056	337 084
Agricultural	29 328	15 242
Total property rates	3 305 952	1 652 976
Valuations (01 July 2009 to 30 June 2013)		
Business, Commercial and Industrial.	93 440 000	93 440 000
State owned properties	177 205 000	177 205 000
State trust Land	67 349 976	67 349 976
Agricultural	93 548 528	93 548 528
Total property Valuations	431 543 504	431 543 504
12 Interest earned - External Investments		
Banks	765 311	973 995
Investment	759 231	-
	1 524 543	973 995
13 Donation Received		
Donation received	-	104 386
	-	104 386

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

14	Fines, Licences and Permits		
	Traffic Fines	113 750	41 900
	Learns Licence income	1 574 315	1 100 850
		1 688 065	1 142 750
15	Government grants and Subsidies	2012	2011
	Equitable Share	48 046 000	35 750 369
	MIG	18 551 976	8 669 129
	Financial Management Grant	2 475 232	1 383 332
	Municipal Systems Improvement Grant	885 918	778 703
	Electrification Grant	6 562 938	-
	Land Use Management	100 000	-
	Khiphimbazo Project Consolidate	213 345	-
	Spatial Development	43 000	-
	Library Grant	1 208 095	1 084 098
	Phelandaba Development	186 000	-
	Municipal Assistant Programme	313 318	193 777
	Project consolidated Manguzi Roads	446 249	-
	Department of Sport (Sport Ground)	848 149	-
	Small Town Rehabilitation	6 396 206	761 414
	Ground Nuts	1 476 381	523 619
		87 752 807	49 144 441

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

16 Rental revenue and other revenues

16.1 Other Revenue	2012	2011
Library income	18 232	3 132
Tender Monies	53 158	25 239
Sundry income	-	847 987
	<u>71 389</u>	<u>876 359</u>

16.2 Rental Revenue	2012	2011
IEC	22 232	20 344
Parkhomes	11 000	12 500
	<u>33 232</u>	<u>32 844</u>

17 Employee Related Cost

Remuneration fo the Municipal Manager	2012	2011
Annual remuneration	747 271	514 160
Performance bonus	-	-
Re-imbursive Travel	103 453	41 989
Cellphone allowance	20 400	15 300
Less cost included in other expenses	(131 306)	(41 989)
Uif, Levies & sdl contribution	8 999	6 170
	<u>748 817</u>	<u>535 630</u>

Remuneration of the Chief Financial Officer	2012	2011
Annual Remuneration	505 340	384 957
Performance bonus	-	-
Re-imbursive Travel	34 173	6 043
Cellphone allowance	9 900	5 500
Less cost included in other expenses	(49 149)	(6 043)
Uif, Levies and Sdl contribution	6 622	3 232
	<u>506 886</u>	<u>393 690</u>

Remuneration of Director Corporate Services	2012	2011
Annual remuneration	-	244 462
Performance bonus	-	-
Re-imbursive Travel	-	1 458
Cellphone allowance	-	5 500
Less cost included in other expenses	-	(1 458)
Uif contribution	-	1 962
	<u>-</u>	<u>251 924</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Remuneration of Director Community Services

Annual remuneration	-	280 069
Performance bonus	-	-
Re-imbursive Travel	-	1 638
Cellphone allowance	-	7 700
Less cost included in other expenses	-	(1 638)
Uif contribution	-	3 837
	<u>-</u>	<u>291 606</u>

Remuneration of Director Technical Services

Annual remuneration	145 936	339 452
Performance bonus	-	-
Re-imbursive Travel	8 032	-
Cellphone allowance	5 500	8 800
Less cost included in other expenses	(15 496)	-
Uif contribution	2 609	4 606
	<u>146 580</u>	<u>352 858</u>

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

Remuneration of Staff Members

Salaries and Wages	7 303 182	6 738 382
Travel Allowance	16 000	-
13th Cheque bonus	281 738	484 376
Overtime	141 394	20 789
Subsistence and Travelling	224 200	62 658
Contributions: UIF	62 953	121 869
: Group Life	218 008	114 997
: Medical Aid	266 943	227 027
: Pension	685 213	585 711
: Salga Levies	3 239	-
Less cost included in other expenses	(224 200)	(62 658)
	8 978 669	8 293 151

18 Remuneration of councillors

Mayor's allowance	326 869	274 465
Deputy mayor's allowance	263 845	176 227
Speaker's allowance	263 845	217 962
Exco allowance	992 356	601 894
Councillors allowance	4 909 382	3 177 335
	6 756 297	4 447 882

19 Contracted Services and Depreciation

Contracted Services

19.1 Contracted Services	68 307	62 863
	68 307	62 863

19.2 Depreciation

Property, Plant & Equipment	4 148 551	3 580 768
	4 148 551	3 580 768

20 Repairs and Maintenance

Computers	20 904	41 126
Financial system	157 939	26 664
Buildings	97 350	52 243
Municipal accommodation	-	1 041
Municipal access roads	421 923	-
Vehicles	248 913	78 141
Civil and engineering	66 544	34 937
	1 013 573	234 152

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

21	Administration Expenses		
	Advertising	305 939	136 921
	Committee expense	493 355	33 919
	Entertainment and Function	27 885	-
	Public participation	-	7 080
	Audit committee Fees	348 417	147 605
	External Audit	1 095 864	868 356
	Internal Audit	538 176	337 502
	Skills Development Levies	157 974	129 522
	Substance and Travel	747 620	199 449
	Cellphone expense	53 800	18 000
	Bank Charges	45 350	20 905
	Printing and Stationery	226 523	209 447
	Interest Expense	64 440	59 547
	Rental software	232 129	292 471
	Financial Management	50 362	33 882
	Property rates	23 239	20 685
	Insurance	216 873	101 796
	Legal Fees	789 209	1 026 544
	Membership and Subscription	117 684	107 205
	Postage and telephone	451 767	387 688
	Trainings	166 580	120 551
	office machine rental	65 806	103 358
	Security	491 400	543 442
	HR Systems Plan	-	54 702
	Cleaning Expenses	9 325	50 212
	Website	-	17 809
	Water and Electricity	201 127	161 308
	Map	-	169 980
	PMU	1 373 867	61 782
	Conferences	18 377	12 753
	Uniform	19 095	475
	Books/Periodicals	-	3 745
	Refuse removal	97 537	135 660
	Fuel and Oil	750 273	249 811
	Transit costs	36 780	37 574
	Spatial Development	345 756	-
	Phelandaba Development	60 175	-
	Marketing and advertising	134 801	-
	Fixed asset expense	116 946	-
	Review of policies	288 750	-
	Library Promotions	164 244	-
	Disaster Management	48 343	-
	Relocation cost	66 219	-
	Card Production	157 508	81 148
	IDP review	215 678	15 766
	Settlement fees	-	349 647
	Gazzebo	-	95 000

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Shared Services for Planners	-	460 768
Community Participation	509 577	81 100
Ground Nuts	2 466 993	39 197
Total	13 791 764	6 984 312

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

22	Capital Commitment	2012		2011
	Contracted			
	Manguzi Road	7 113 727.31	Manaba Sportfeild	809 868.00
	Mbazwana Dumpsite Road	4 197 236.20	Municipal Chamber	3 970 002.00
	Municipal Dumpsite	190 745.32	Traffic station	1 922 565.00
	Mbazwana Town Services	857 611.87		7 136 923.00
	Electricity Project	2 437 062.00		9 000 000.00
	Mahlakwe Community Hall	-		55 744.00
	Bhekabantu Community Hall	-		263 216.00
	Total	14 796 382.70	-	23 158 318.00

Capital commitment

Not contracted but committed

	-	-
--	---	---

23 23.1 Fruitless & Wasteful Expenditure
Reconciliation of fruitless and wasteful expenditure

Opening balance	5 472 925	5 472 925
Fruitless and wasteful expenditure current year	342 209	-
Condoned or written off by Council	-	-
Waiting for recovery	5 815 134	5 472 925

23.2 Unauthorized expenditure

Opening balance	-	-
Unauthorized expenditure for the current year (FMG)	1 317 215	-
Unauthorized expenditure for the current year (MAP)	313 318	-
Condoned or written off by council	-	-
Waiting for recovery	1 630 533	-

24 Reconciliation of irregular expenditure

Opening balance	11 933 747	10 380 889
Irregular expenditure current year	584 520	-
Irregular expenditure current year (Anderson and Vogt Project Manager)	3 384 573	730 484
Irregular expenditure current year (Seethal Attorneys)	346 405	822 374
Condoned or written off by Council	(1 552 858)	-
Waiting for recovery	14 696 387	11 933 747

25 ADDITIONAL DISCLOSURE IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

25.1 Audit Fees

Opening Balance	-	
Current year audit fees	1 095 864	868 356
Amount paid	(1 095 864)	(868 356)
Balance unpaid (included in payables)	-	-

25.2 PAYE, UIF and SDL

Opening balance	40 346	-
Current year payroll deduction	3 415 064	2 501 930
Amount paid- current year	(3 415 064)	(2 461 584)
Balance unpaid (included in payables)	40 346	40 346

25.3 Pension and Medical Aid Deductions

Opening balance		
Current year payroll deduction and Council Contribution	952 156	1 208 819
Amount paid - current year	(952 156)	(1 208 819)
Balance unpaid (included in payables)	-	-

26 Employee Benefits

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

27 FINANCE LEASE OBLIGATION

2012

Amounts payable under finance leases	Minimum lease payment R'000	Future finance charges R'000	Present value of minimum lease payments R'000
Within one year	133 965	63 158	70 807
Within two to five years			215 842
Less: Amount due for settlement within 12 months (current portion)			286 649
			215 842
			70 807

The average lease term is 5 years and the average effective borrowing rate is 2.4%.

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

2011	Minimum lease payment R'000	Future finance charges R'000	Present value of minimum lease payments R'000
Amounts payable under finance leases			
Within one year			39 286
Within two to five years	100 344	61 058	39 286
	331 540	136 463	195 077
Less: Amount due for settlement within 12 months (current portion)	431 884	197 520	234 364
			39 286
			195 077

The average lease term is 5 years and the average effective borrowing rate is 4%.

28 CONTINGENT LIABILITY

The Municipality is involved in a civil case against Manqele and Luthuli.

Rehabilitation of Skhemelele Dumpsite

Rehabilitation of Mbazwana dumpsite

	2012	2011
	350 000	350 000
	218 080	-
	80 032	-
	648 112	350 000

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (Continued)

29 Note to the cashflow statement	2012	2011
Surplus for the year	53 905 370	22 255 812
adjustment for		
depreciation	4 063 431	3 580 768
Impairment of assets	(1 743 760)	3 970 061
Provision for doubtful debts	-	34 464
Provision for rehabilitation of site	-	1 788 982
Interest received	(1 524 543)	973 995
Interest paid	64 440	
Changes in prior year figures	-	
Provision for leave	2 522 886	1 944 319
Amortization of intangible assets	85 210	
	57 373 035	

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

changes in working capital		
inventory	-	
Trade and other receivables	(8 424)	
Trade and Receivable from exchange transactions	-	
Other debtors		(161 182)
consumer debtor	1 790 244	(607 862)
vat receivable	(2 785 506)	(695 396)
trade an other payable	(3 927 504)	2 320 647
unspent grant	(14 106 613)	(4 511 864)
	38 335 232	30 892 744

30.1 Maximum credit risk exposure

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. Customers are independently rated, within three categories Low risk being customers with a good track record of payment, Medium risk, being customers who miss payments less regularly and high risk, being customers who barely service their accounts. High risk customer's accounts are discounted at the interest rate as set out in the council policy. Management also provide between 60 and 70% for doubtful debts for all high risk customers. However as the Municipality only have rates customer debtors, there is a recourse of attachment of the property, this reduces the Municipality from full exposure.

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

First National Bank	60 690 270	54 856 296
Standard Bank	15 290	14 875
Nedbank	24 915	23 877
Trade and other receivables	2 360 705	844 514
	63 091 181	55 739 562

These balances represent the maximum exposure to credit risk.

30.2 Liquidity risk

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

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

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

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

	Not later than one month	Later than one month and not later than three months
2012		
Gross finance lease obligations	9 040	18 080
Trade and other payables	3 102 623	-
	Later than three months and not later than one year	Later than one year and not later than five years
2012		
Gross finance lease obligations	43 688	215 842
Trade and other payables	636 750	-
	Not later than one month	Later than one month and not later than three months
2011		
Gross finance lease obligations	6 798	13 596
Trade and other payables	7 967 091	-
	Later than three months and not later than one year	Later than one year and not later than five years
2011		
Gross finance lease obligations	18 893	195 077
Trade and other payables	-	-

30.3 Interest rate risk

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

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits	13 917 758	13 159 543
-----------------	------------	------------

30.4 Other price risk

Examples include changes in commodity prices

31 CORRECTION OF ERROR

During the year ended 30 June 2010 and previous years, PPE and other assets were incorrectly recognised: -

The comparative amount has been restated as follows:

UMHLABUYALINGANA LOCAL MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Depreciation	205 495	-
Net effect on surplus/(deficit) for the year	<u>205 495</u>	<u>-</u>
Accumulated Depreciation	(205 495)	-
Provision for rehabilitation	2 255 354	-
Creditors were understated due to transactions processed in wrong period	(33 200)	-
Staff leave accrual	<u>-</u>	<u>-</u>
Net effect on Statement of Financial Position	<u>2 016 660</u>	<u>-</u>
Net effect on Accumulated surplus opening balance	<u>2 016 660</u>	<u>-</u>

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
APPROPRIATIONS									
1	10	5	5	17001	SURPLUS / (DEFICIT) OPENING BALANCE	(83 354 189.29)	6 397 500.78	(62 319 514.12)	-
1	10	5	5	17002	SURPLUS / (DEFICIT) NETT REV. & EXP	-	101 615 496.84	(101 615 496.84)	-
1	10	5	5	17011	PRIOR YEAR ADJUST CORREC TION OF ERROR	-	7 847 333.48	(7 847 333.48)	-
						(83 354 189.29)	115 860 331.10	(171 782 344.44)	-
UDC 27 LOAN									
1	10	5	5	102001	UDC 27 LOAN OPENING BALANCE	(1 981 244.54)	-	-	-
1	10	5	5	102002	UDC 27 LOAN RECEIVED	-	-	-	-
1	10	5	5	102003	UDC 27 LOAN REDEEMED	-	1 981 244.54	-	-
1	10	5	5	102004	UDC 27 LOAN WRITTEN OFF	-	-	-	-
						(1 981 244.54)	1 981 244.54		
PROVISION LEAVE									
1	10	5	5	313001	PROVISION: LEAVE OPENIN G BALANCE	(598 246.69)	131 804.57	(83 147.25)	-
1	10	5	5	313002	PROVISION: LEAVE CONTRI BUTION PROVISI	-	-	(29 177.16)	-
1	10	5	5	313003	PROVISION: LEAVE EXPEND ITURE INCURRED	-	-	-	-
						(598 246.69)	131 804.57	(112 324.41)	-
PROVISION FOR BAD DEBT									
1	10	5	5	314001	PROVISION: BAD DEBT OPENING BALANCE	(236 651.69)	-	(2 776 849.12)	-
1	10	5	5	314002	PROVISION: BAD DEBT CONTRIBUTION PROVISI	-	2 776 849.12	(2 502 796.25)	-
1	10	5	5	314003	PROVISION: BAD DEBT EXPENDITURE INCURREI	-	-	-	-
						(236 651.69)	2 776 849.12	(5 279 645.37)	-
PROVISION FOR REHABILITATION OF LAND FILL SITE									
1	10	5	5	320001	PROVISION: REHAB LAND OPENING BALANCE	(2 255 354.01)	3 054 966.37	(3 743 717.00)	-
1	10	5	5	320002	PROVISION: REHAB LAND CONTRIBUTION PROVISI	-	1 829 868.37	(1 386 649.37)	-
1	10	5	5	320003	PROVISION: REHAB LAND EXPENDITURE INCURR	-	-	-	-
						(2 255 354.01)	4 884 834.74	(5 130 366.37)	-
1	10	5	5	351001	CREDITORS CONTROL	(2 050 108.95)	67 566 343.80	(65 516 334.65)	-
DEBTORS VAT									
1	10	5	5	355001	VAT - DEBTORS OPENIN G BALANCE	(5 448.06)	-	-	-
1	10	5	5	355002	VAT - DEBTORS ACCRUA LS	-	2 564.40	(3 087.23)	-
1	10	5	5	355003	VAT - DEBTORS RECEIP TS	-	7 167.78	(19 519.35)	-
1	10	5	5	355004	VAT - DEBTORS JOURNA LS	-	261.17	(1 175.99)	-
						(5 448.06)	9 993.35	(23 782.57)	-
SALARIES CONTROL									
1	10	5	5	357002	SALARY CONTROL OPENIN G BALANCE	-	-	-	-
1	10	5	5	357003	SALARY CONTROL PAYROL L DEDUCTIONS	-	6 780 357.09	(19 231 339.79)	-
1	10	5	5	357004	SALARY CONTROL AMOUNT PAID	-	12 505 082.73	(54 000.03)	12 451 082.70
						-	19 285 439.82	(19 285 339.82)	-
SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL									
1	10	5	5	358001	SALGBC OPENING BALANCE	-	-	-	-
1	10	5	5	358002	SALGBC PAYROLL DEDUCTION S	-	4 624.52	(26 297.61)	-
1	10	5	5	358003	SALGBC AMOUNT PAID	-	21 673.09	-	21 673.09
						-	26 297.61	(26 297.61)	-
PAY AS YOU EARN									
1	10	5	5	359001	PAYE OPENING BALANCE	-	-	-	-
1	10	5	5	359002	PAYE PAYROLL DEDUCTIONS	-	836 495.47	(4 034 679.61)	-
1	10	5	5	359003	PAYE AMOUNT PAID	-	3 190 517.89	-	3 190 517.89
						-	4 027 013.36	(4 034 679.61)	-
PENSION DEDUCTIONS									
1	10	5	5	360001	PENSION DEDUCTIONS OPENI NG BALANCE	(15 654.06)	-	-	-
1	10	5	5	360002	PENSION DEDUCTIONS PAYRO LL DEDUCTIONS	-	226 454.36	(1 309 921.35)	-
1	10	5	5	360003	PENSION DEDUCTIONS AMOUN T PAID	-	1 083 466.99	-	1 083 466.99
						(15 654.06)	1 309 921.35	(1 309 921.35)	-
MEDICAL AID CONTRIBUTIONS									
1	10	5	5	362001	MEDICAL CONTRIBUTIONS OPENING BALANCE	15 654.06	-	-	15 654.06
1	10	5	5	362002	MEDICAL CONTRIBUTIONS PAYROLL DEDUCTION	-	101 842.09	(544 627.09)	-
1	10	5	5	362003	MEDICAL CONTRIBUTIONS AMOUNT PAID	-	442 785.00	-	442 785.00
						15 654.06	544 627.09	(544 627.09)	15 654.06
CLEARANCE ACCOUNTS: CREDITORS									
1	10	5	5	370001	CREDITORS SUNDRY	(701 767.91)	602 175.92	(2 701 472.46)	-
1	10	5	5	370002	ACCRUED EXPENSES	(179 065.10)	92 084.09	(140 741.30)	-
1	10	5	5	370003	DEFERRED INCOME	(19.86)	-	-	-
1	10	5	5	370004	PAYROLL - GARNISH	-	935 035.92	(934 744.03)	291.89
1	10	5	5	370005	PAYROLL - UNIONS & MEMBE RSHIP FEES	-	324 385.16	(324 385.16)	-
1	10	5	5	370006	PAYROLL - COMMUNICATIONS	-	362 240.67	(362 240.67)	-
1	10	5	5	370007	PAYROLL - SUNDRY ACCOUNT	(63 930.00)	290 866.40	(292 986.45)	-

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
1	10	5	5	370008	LEASE LIABILITY	(234 363.67)	121 426.08	(173 711.60)	-
					Consumer deposits	-	-	(117 968.79)	-
1	10	5	5	370009	RETENTIONS	(2 528 462.70)	1 891 712.30	-	-
						(3 707 609.24)	4 619 926.54	(5 048 250.46)	

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
FIANCIAL MANAGEMENT GRANT									
1	10	5	5	401001	FINANCE MANAGEMENT GRANT OPENING BALANC	(1 328 791.55)	1 025 231.61	(470 493.89)	-
1	10	5	5	401002	FINANCE MANAGEMENT GRANT CURRENT YEAR R	-	1 450 000.00	(1 450 000.00)	-
1	10	5	5	401003	FINANCE MANAGEMENT GRANT REGCONIZE INCO	-	2 945 725.50	(2 475 231.61)	-
						(1 328 791.55)	5 420 957.11	(4 395 725.50)	
MUNICIPAL INFRASTRUCTURE GRANT									
1	10	5	5	402001	MUN. INFRA GRANT OPENING BALANCE	(10 117 187.64)	-	-	-
1	10	5	5	402002	MUN. INFRA GRANT CURRENT YEAR RECEIPTS	-	182.02	(19 908 000.00)	-
1	10	5	5	402003	MUN. INFRA GRANT REGCONI ZE INCOME	-	19 061 224.86	(509 431.06)	19 061 224.86
						(10 117 187.64)	19 061 406.88	(20 417 431.06)	
MAP GRANT									
1	10	5	5	403001	M A P OPENING BALANCE	(564 485.80)	-	-	-
1	10	5	5	403002	M A P CURRENT YEAR RECEI PTS	-	-	-	-
1	10	5	5	403003	M A P REGCONIZE INCOME	-	313 318.30	-	313 318.30
						(564 485.80)	313 318.30		
MSIG									
1	10	5	5	404001	MSIG OPENING BALANCE	(95 918.00)	-	-	-
1	10	5	5	404002	MSIG CURRENT YEAR RECEIP TS	-	-	(790 000.00)	-
1	10	5	5	404003	MSIG REGCONIZE INCOME	-	885 918.00	-	885 918.00
						(95 918.00)	885 918.00	(790 000.00)	
LUMS									
1	10	5	5	405001	LUMS OPENING BALANCE	(100 000.00)	-	-	-
1	10	5	5	405002	LUMS CURRENT YEAR RECEIP TS	-	700 000.00	(800 000.00)	-
1	10	5	5	405003	LUMS REGCONIZE INCOME	-	-	-	100 000.00
						(100 000.00)	700 000.00	(800 000.00)	
PROJECT CONSOLIDATE MANGUZI ROAD									
1	10	5	5	406001	PROJ CON MANGUZI RD OPEN ING BALANCE	(665 669.11)	-	-	-
1	10	5	5	406002	PROJ CON MANGUZI RD CURR ENT YEAR RECEIPT:	-	-	(700 000.00)	-
1	10	5	5	406003	PROJ CON MANGUZI RD REGC ONIZE INCOME	-	446 248.61	-	-
						(665 669.11)	446 248.61	(700 000.00)	
SPATIAL DEVELOPMENT									
1	10	5	5	407001	SPATIAL DEVELOPMENT OPEN ING BALANCE	(43 000.00)	-	-	-
1	10	5	5	407002	SPATIAL DEVELOPMENT CURR ENT YEAR RECEIPT	-	-	-	-
1	10	5	5	407003	SPATIAL DEVELOPMENT REGC ONIZE INCOME	-	96 000.00	(53 000.00)	-
						(43 000.00)	96 000.00	(53 000.00)	
DEPARTMENT OF SPORT									
1	10	5	5	408001	DOS SPORTS FIELD OPENING BALANCE	(809 868.30)	-	-	-
1	10	5	5	408002	DOS SPORTS FIELD CURRENT YEAR RECEIPTS	-	150 000.00	(300 000.00)	-
1	10	5	5	408003	DOS SPORTS FIELD REGCONI ZE INCOME	-	886 429.86	(38 280.78)	848 149.08
						(809 868.30)	1 036 429.86	(338 280.78)	
MBAZWANA AND MANGUZI BUSINESS HUBS									
1	10	5	5	409001	MBAZWANA MANGUZI HUBS OP ENING BALANCE	(160 000.00)	-	-	-
1	10	5	5	409002	MBAZWANA MANGUZI HUBS CU RRENT YEAR RECE	-	-	-	-
1	10	5	5	409003	MBAZWANA MANGUZI HUBS RE GCONIZE INCOME	-	-	-	-
						(160 000.00)			
PROJECT CONSOLIDATED GRANT									
1	10	5	5	410001	PROJECT CONSOLIDATE GRAN T OPENING BALANC	(213 344.94)	-	-	-
1	10	5	5	410002	PROJECT CONSOLIDATE GRAN T CURRENT YEAR F	-	-	-	-
1	10	5	5	410003	PROJECT CONSOLIDATE GRAN T REGCONIZE INCC	-	213 345.00	-	213 345.00
						(213 344.94)	213 345.00		
URBAN DEVELOPMENT									
1	10	5	5	411001	URBAN DEVELOPMENT OPENIN G BALANCE	(907 195.00)	-	-	-
1	10	5	5	411002	URBAN DEVELOPMENT CURREN T YEAR RECEIPTS	-	-	-	-
1	10	5	5	411003	URBAN DEVELOPMENT REGCON IZE INCOME	-	-	-	-
						(907 195.00)			
DBSA DIRECTOR TECHNICAL									
1	10	5	5	412001	DBSA DIRECTOR TECHNICAL OPENING BALANCE	0.14	-	(0.14)	-
1	10	5	5	412002	DBSA DIRECTOR TECHNICAL CURRENT YEAR REC	(100 000.00)	-	-	-
1	10	5	5	412003	DBSA DIRECTOR TECHNICAL REGCONIZE INCOME	-	-	-	-
						(99 999.86)			
LIBRARY GRANT									
1	10	5	5	413001	LIBRARY GRANT OPENING BA LANCE	(354 208.68)	-	-	-
1	10	5	5	413002	LIBRARY GRANT CURRENT YE AR RECEIPTS	-	-	(1 502 193.00)	-
1	10	5	5	413003	LIBRARY GRANT REGCONIZE INCOME	-	1 208 095.44	-	1 208 095.44
						(354 208.68)	1 208 095.44	(1 502 193.00)	
MANZENGWENYA PROJECT									
1	10	5	5	414001	MANZENGWANYA PROJECT OPE NING BALANCE	(7 500.00)	-	-	-

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
1	10	5	5	414002	MANZENGWANYA PROJECT CUR RENT YEAR RECE	-	-	-	-
1	10	5	5	414003	MANZENGWANYA PROJECT REG CONIZE INCOME	-	-	-	-
						(7 500.00)	-	-	-
PHELANDABA DEVELOPMENT									
1	10	5	5	415001	PHELANDABA DEVELOPMENT O PENING BALANCE	(364 600.00)	-	-	-
1	10	5	5	415002	PHELANDABA DEVELOPMENT C URRENT YEAR REC	-	-	-	-
1	10	5	5	415003	PHELANDABA DEVELOPMENT R EGCONIZE INCOME	-	186 000.00	-	186 000.00
						(364 600.00)	186 000.00	-	-
NHLANGE RESTAURANT									
1	10	5	5	416001	NHLANGE RESTAURANT OPENI NG BALANCE	(5 600.00)	-	-	-
1	10	5	5	416002	NHLANGE RESTAURANT CURRE NT YEAR RECEIPT	-	-	-	-
1	10	5	5	416003	NHLANGE RESTAURANT REGCO NIZE INCOME	-	-	-	-
						(5 600.00)	-	-	-
KWATEMBE CONCRETE PROJECT									
1	10	5	5	417001	KWA TEMBE CONCRETE PROJE CT OPENING BALAI	(86 110.50)	-	-	-
1	10	5	5	417002	KWA TEMBE CONCRETE PROJE CT CURRENT YEAF	-	-	-	-
1	10	5	5	417003	KWA TEMBE CONCRETE PROJE CT REGCONIZE INC	-	-	-	-
						(86 110.50)	-	-	-
DC 27 SHARED SERVICE									
1	10	5	5	418001	DC 27 SHARED SERVICE OPE NING BALANCE	(208 800.00)	-	(80.00)	-
1	10	5	5	418002	DC 27 SHARED SERVICE CUR RENT YEAR RECEIPT	-	-	-	-
1	10	5	5	418003	DC 27 SHARED SERVICE REG CONIZE INCOME	-	208 880.00	-	208 880.00
						(208 800.00)	208 880.00	(80.00)	-
DEPARTMENT OF ENERGY ELECTRIFICATION									
1	10	5	5	419001	DEP. ENERGY ELECTR. OPEN ING BALANCE	(9 000 000.00)	-	-	-
1	10	5	5	419002	DEP. ENERGY ELECTR. CURR ENT YEAR RECEIPTS	-	658 168.86	(658 168.86)	-
1	10	5	5	419003	DEP. ENERGY ELECTR. REGC ONIZE INCOME	-	6 892 022.71	(329 084.43)	6 562 938.28
						(9 000 000.00)	7 550 191.57	(987 253.29)	-
COGTA SMALL TOWN REHABILITATION									
1	10	5	5	420001	COGTA - SMALL TOWN REHAB OPENING BALANCE	(5 738 586.49)	-	-	-
1	10	5	5	420002	COGTA - SMALL TOWN REHAB CURRENT YEAR REI	-	-	(1 000 000.00)	-
1	10	5	5	420003	COGTA - SMALL TOWN REHAB REGCONIZE INCOM	-	7 487 160.91	(1 090 954.42)	6 396 206.49
						(5 738 586.49)	7 487 160.91	(2 090 954.42)	-
COGTA GROUND NUTS									
1	10	5	5	421001	GROUND NUTS OPENING BALA NCEE	(1 476 381.17)	-	-	-
1	10	5	5	421002	GROUND NUTS CURRENT YEAR RECEIPTS	-	-	-	-
1	10	5	5	421003	GROUND NUTS RECOGNIZED I NCOME	-	2 360 556.86	(884 175.69)	1 476 381.17
						(1 476 381.17)	2 360 556.86	(884 175.69)	-
VAT PAYABLE / RECEIVABLE									
1	10	5	5	876001	VAT-PAYABLE / RECEIVABLE OPENING BALANCE	(235 195.65)	-	-	-
1	10	5	5	876002	VAT-PAYABLE / RECEIVABLE DEBTORS RECEIPTS	-	-	-	-
1	10	5	5	876003	VAT-PAYABLE / RECEIVABLE CREDITORS PAYMEN	-	1 578 339.80	(6 799.02)	1 575 883.66
1	10	5	5	876004	VAT-PAYABLE / RECEIVABLE RECEIVED FROM SAR	-	-	(2 441 675.20)	-
1	10	5	5	876005	VAT-PAYABLE / RECEIVABLE PAYMENT TO SARS	-	-	-	-
						(235 195.65)	1 578 339.80	(2 448 474.22)	-
BANK AND CASH									
1	10	5	5	951001	BANK GEN. ACC. OPENING BALANCE	41 306 213.73	23 000.00	(23 000.00)	41 306 213.73
1	10	5	5	951002	BANK GEN. ACC. INCOME	-	80 652 864.07	(100 127.97)	80 552 736.10
1	10	5	5	951003	BANK GEN. ACC. EXPENDITURE	-	215 072.42	(75 210 097.34)	-
						41 306 213.73	80 890 936.49	(75 333 225.31)	46 863 924.91
									46 879 578.97
PROPERTY PLANT AND EQUIPMENT									
1	10	5	10	5998001	PROPERTY PLANT & EQUIPME NT	83 410 605.66	2 822 095.36	(324 590.48)	85 908 110.54
1	10	5	10	5998011	PPE ACCUMALATED DEPRECIA TION	(14 474 095.30)	560 983.86	(4 631 917.18)	-
1	10	5	10	5998012	PPE ACCUMULATED IMPAIREMENT	-	-	(1 743 760.07)	-
						68 936 510.36	3 383 079.22	(6 700 267.73)	65 619 321.85
INVESTMENTS									
1	10	5	10	6202001	INVESTMENT OPENING BALAN CE	13 159 543.32	-	-	13 159 543.32
1	10	5	10	6202002	INVESTMENT MADE	-	-	-	-
1	10	5	10	6202003	INVESTMENT WITHDRAW	-	-	(1 016.33)	-
1	10	5	10	6202004	INVESTMENT INTEREST	-	881 829.92	(122 598.89)	759 231.03
						13 159 543.32	881 829.92	(123 615.22)	13 917 758.02
UDC 27 LOAN									
1	10	5	10	6752001	UDC 27 LOAN OPENING BALANCE	-	-	-	-
1	10	5	10	6752002	UDC 27 LOAN RECEIVED DURING YEAR	-	-	-	-

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
1	10	5	10	6752003	UDC 27 LOAN INTEREST ON LOAN	-	-	-	-
1	10	5	10	6752004	UDC 27 LOAN REDEEMED DURING YEAR	-	-	-	-
1	10	5	10	6752005	UDC 27 LOAN WRITTEN OFF DURING YEAR	-	-	-	-
						-	-	-	-

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
DEBTORS PROPERTY RATE: BUSINESS									
1	10	5	10	6853001	RATES BUSINESS OPENING B ALANCE	423 979.07	-	-	423 979.07
1	10	5	10	6853002	RATES BUSINESS ACCRUALS	-	1 019 114.57	(84 714.57)	934 400.00
1	10	5	10	6853003	RATES BUSINESS RECEIPTS	-	325.00	(398 779.13)	-
1	10	5	10	6853004	RATES BUSINESS JOURNALS	-	-	-	-
						423 979.07	1 019 439.57	(483 493.70)	959 924.94
DEBTORS PROPERTY RATES: RESIDENTIALS									
1	10	5	10	6854001	RATES RESIDENTIAL OPENING BALANCE	-	-	-	-
1	10	5	10	6854002	RATES RESIDENTIAL ACCRUALS	-	-	-	-
1	10	5	10	6854003	RATES RESIDENTIAL RECEIPTS	-	-	-	-
1	10	5	10	6854004	RATES RESIDENTIAL JOURNALS	-	-	-	-
						-	-	-	-
DEBTORS PROPERTY RATE: AGRICULTURE									
1	10	5	10	6855001	RATES AGRICULTURAL OPENING BALANCE	15 242.12	303 380.93	-	318 623.05
1	10	5	10	6855002	H	-	303 958.69	(578 011.56)	(274 052.87)
1	10	5	10	6855003	RATES AGRICULTURAL RECEIPTS	-	-	-	-
1	10	5	10	6855004	RATES AGRICULTURAL JOURNALS	-	-	-	-
						15 242.12	607 339.62	(578 011.56)	44 570.18
DEBTORS PROPERTY RATE: STATE TRUST									
1	10	5	10	6856001	RATES STATE TRUST OPENING BALANCE	337 084.00	-	-	-
1	10	5	10	6856002	RATES STATE TRUST ACCRUALS	-	674 168.28	(0.22)	674 168.06
1	10	5	10	6856003	RATES STATE TRUST RECEIPTS	-	-	-	-
1	10	5	10	6856004	RATES STATE TRUST JOURNALS	-	-	-	-
						337 084.00	674 168.28	(0.22)	1 011 252.06
DEBTORS PROPERTY RATE : STATE OWNED									
1	10	5	10	6857001	RATES STATE OWNED OPENING BALANCE	-	-	-	-
1	10	5	10	6857002	RATES STATE OWNED ACCRUALS	-	-	-	-
1	10	5	10	6857003	RATES STATE OWNED RECEIPTS	-	-	-	-
1	10	5	10	6857004	RATES STATE OWNED JOURNALS	-	-	-	-
						-	-	-	-
DEBTORS PROPERTY RATE : PUBLIC INFRASTRUCTURE									
1	10	5	10	6858001	RATES PUBLIC INFRASTRUCTURE OPENING BALANCE	68 208.84	-	-	68 208.84
1	10	5	10	6858002	RATES PUBLIC INFRASTRUCTURE ACCRUALS	-	1 752 192.76	(84 136.51)	1 668 056.25
1	10	5	10	6858003	RATES PUBLIC INFRASTRUCTURE RECEIPTS	-	-	(1 391 306.79)	-
1	10	5	10	6858004	RATES PUBLIC INFRASTRUCTURE JOURNALS	-	-	-	-
						68 208.84	1 752 192.76	(1 475 443.30)	344 958.30
DEBTORS CONTROL ACCOUNT / CLEARANCE ACCOUNT									
1	10	5	10	6970001	BILLING INTEGR REJECT CONTROL	-	-	-	-
1	10	5	10	6970002	BILLING INTEGR REJECT CONTRA	-	-	-	-
1	10	5	10	6970003	VAT - CREDITORS	1 129 025.82	5 729 637.60	(2 060 207.97)	4 798 455.45
1	10	5	10	6970004	DEBTORS EMPLOYEE OVERPAYMENT \$57	382 932.11	78 120.00	(78 120.00)	382 932.11
1	10	5	10	6970005	ACCRUED INCOME	6 352.19	2 126.65	-	8 478.84
1	10	5	10	6970006	OTHER DEBTORS MIG	1 820.44	199 000.00	-	200 820.44
1	10	5	10	6970007	CREDITORS OVERPAYMENT	5 042.85	-	(4 432.85)	610.00
1	10	5	10	6970008	DEBTORS COUNCIL OVERPAYMENT	690 353.00	-	(72 205.00)	618 148.00
						2 215 526.41	6 008 884.25	(2 214 965.82)	6 009 444.84
PETTY CASH									
1	10	5	10	6991000	PETTY CASH	187.45	81 466.29	(79 217.33)	2 436.41
						187.45	81 466.29	(79 217.33)	2 436.41
CAPEX BUDGET & TREASURY OFFICE									
1	10	5	10	9230001	FINANCE - OFFICE FURNITURE	-	227 701.98	(15 864.34)	211 837.64
1	10	5	10	9230004	FINANCE - COMPUTERS	-	82 129.46	-	82 129.46
1	10	5	10	9230005	FINANCE - CAPITAL EXPENSES	-	109 271.89	-	109 271.89
						-	419 103.33	(15 864.34)	403 238.99
COMMUNITY AND SOCIAL SERVICES									
1	10	5	10	9270001	LIBRARY - OFFICE FURNITURE	-	89 718.16	-	89 718.16
1	10	5	10	9270009	LIBRARY - GAURDHOUSE	-	11 419.74	-	11 419.74
1	10	5	10	9270016	COMMUN SERV - SKIPS	-	446 100.00	-	446 100.00
						-	547 237.90	-	547 237.90
SPORT AND RECREATION									
1	10	5	10	9290001	MANABA SPORT GROUND	-	184 625.60	-	184 625.60
1	10	5	10	9290002	SPORT REFURBISHMENT	-	100 244.21	-	100 244.21
1	10	5	10	9290003	SPORT GROUND- MANABA NEW	-	1 256 038.12	(55 363.47)	1 200 674.65
						-	1 540 907.93	(55 363.47)	1 485 544.46

Tn	Fn	Dp	Sc	ItemSub	Description	Year Opening Bal	Year Debit Move	Year Credit Move	YTD Debit Bal
PUBLIC SAFETY									
1	10	5	10	9310003	TRAFFIC STATION	-	3 108 033.73	(1 241 571.46)	1 866 462.27
1	10	5	10	9310004	TRAFFIC - SAVELLIAN CAME RA	-	127 150.42	(14 875.41)	112 275.01
						-	3 235 184.15	(1 256 446.87)	1 978 737.28
PLANING AND DEVELOPMENT									
1	10	5	10	9350003	TECH SERV - VEHICLE	-	655 042.93	(2 456.14)	652 586.79
1	10	5	10	9350005	LOCAL ECON - OFF ROAD PA RKING	-	290 000.00	-	290 000.00
1	10	5	10	9350006	LOCAL ECON - MANGUZI MAR KET STALLS	-	6 333 142.52	(247 288.95)	6 085 853.57
1	10	5	10	9350007	COUNCIL CHAMBER	-	7 014 331.17	-	7 014 331.17
1	10	5	10	9350008	NJINJI ACCESS ROAD	-	151 172.52	(151 172.52)	-
1	10	5	10	9350014	MANGUZI ROAD	-	1 261 716.83	-	1 261 716.83
1	10	5	10	9350010	MBAZWANA DUMPSITE	-	3 416 326.08	-	3 416 326.08
						-	19 121 732.05	(400 917.61)	18 720 814.44
ELECTRICITY									
1	10	5	10	9410001	NATIONAL ELECTRIFICATION	-	61 771 173.01	-	6 177 173.01
						-	61 771 173.01	-	6 177 173.01
OTHER CAPEX									
1	10	5	10	9490001	MAHLAKWE - HALL	-	48 898.48	(48 898.48)	-
1	10	5	10	9490003	BHEKABANTU COMMUNITY HAL L	-	323 825.98	(82 179.92)	241 646.06
1	10	5	10	9490004	MPHAKATHINI COMMUNITY HA LL	-	94 091.75	(94 091.75)	-
1	10	5	10	9490006	CORRIDOR DEVELOPMENT - P HELANDABA	-	104 100.00	-	104 100.00
1	10	5	10	9490007	MBAZWANA TOWN SERVICES	-	2 262 768.75	-	2 262 768.75
1	10	5	10	9490009	FENCING OF DUMPSITES	-	1 103 544.34	-	1 103 544.34
1	10	5	10	9490010	UPGRADING OF FINANCIAL SYSTEM	-	497 004.94	-	497 004.94
						-	4 434 234.24	(225 170.15)	4 209 064.09

168 311 055.74

YTD Credit Bal

(139 276 202.63)

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(139 276 202.63)

(1 981 244.54)

-

1 981 244.54

-

(549 589.37)

(29 177.16)

-

(578 766.53)

(3 013 500.81)

274 052.87

-

(2 739 447.94)

(2 944 104.64)

443 219.00

-

(2 500 885.64)

(99.80)

(5 448.06)

(522.83)

(12 874.40)

(914.82)

(19 237.28)

-

(12 450 982.70)

-

(21 673.09)

-

3 194 184.14

-

(7 666.25)

(15 654.06)

(1 083 466.99)

-

(15 654.06)

-

(442 785.00)

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(2 801 064.45)

(227 722.31)

(19.86)

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(66 050.05)

YTD Credit Bal

(286 649.19)

(117 968.79)

(636 750.40)

(4 135 933.16)

YTD Credit Bal

(774 053.83)

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-

(303 559.94)

(10 117 187.64)

(19 907 817.98)

-

(11 473 211.82)

(758 263.00)

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(71 478.00)

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YTD Credit Bal

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(86 110.50)
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(86 110.50)

(208 800.00)
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(9 000 000.00)
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(2 437 061.72)

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(6 500 000.00)
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(342 380.00)

(1 476 381.17)
(2 000 000.00)

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(235 195.65)
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(2 441 675.20)
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(1 105 330.07)

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-
(74 995 024.92)

(168 311 055.74)

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YTD Credit Bal

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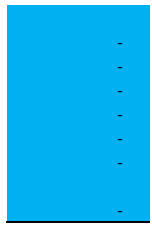
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UMHLABUYALINGANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
ACTUAL VERSUS BUDGET - ACQUISITION OF PROPERTY PLANT AND EQUIPMENT
FOR THE YEAR ENDED 30 JUNE 2012

DEPARTMENT	2012 Actual	2012 Under Construction	2012 Total Additions	2012 Budget	2012 Variance	2012 Variance %	Explanation of Significant Variance Greater than 10% versus Budget
	R	R	R	R	R	%	
Financial Services	900 244	-	900 244	1 027 000	126 756		Asset module was still outstanding for installation at year end 12% Most of the project that are technical in nature were still under construction at year end with different reason some of them were environmental issue and contractor failing to perform which resulted to some contractors being removed from site
Technical Services	652 587	23 357 151	24 009 737	48 677 110	24 667 373		51% Guard house was under construction as at the end of the financial year the project was started very late it will be moved to next year
Community Services	535 818	11 420	547 238	778 858	231 620		30% very late it will be moved to next year
Traffic Services	112 275	1 866 462	1 978 737	2 113 000	134 263		6% Market was still under construction at year end the contract did not meet their cash flow projection the project will be moved to the next financial year
Local Economic Development	-	6 085 854	6 085 854	12 098 663	6 012 809		50% financial year
	2 200 924	31 320 886	33 521 810	64 694 631	31 172 821		

UMHLABUYALINGANA MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2012

REVENUE	2012	Actual	R	2012	Budget	R	2012		%	Explanation of Significant Variance greater than 10 % versus Budget
							Variance	R		
Property rates		3 305 952		3 057 180		248 772			8%	
Interest earned		1 524 543		1 315 023		209 520			16%	We made investment and with good interest rate
Donations received		-		-		-			0%	
Fines, licences and permits		1 688 065		1 656 662		31 403			2%	
Government grants and subsidies		87 752 807		96 429 468		-8 676 661			-9%	
Other revenue		71 389		18 250		53 139			291%	More income generated that was not budgeted for
Gain of Sale of asset		20 000		-		20 000			0%	Vehicle disposal
Rental revenue		33 232		41 248		-8 016			-19%	We estimated to receive rent from park homes there were vacant for long
		94 395 989		102 517 831		-8 121 842				
Expenditure										
Employee related costs		10 380 952		12 203 333		-1 822 381			-15%	Director Technincal and Corporate were not appointed in time
Councillor remunerations		6 756 297		6 880 579		-124 282			-2%	
Contracted Services		68 307		95 000		-26 693			-28%	We over budgeted using the incremental basis
Depreciation		4 148 551		-		4 148 551			0%	
Provision for Rehabilitation of Site		1 743 760		-		1 743 760			0%	
Repairs and maintenance		1 013 573		1 158 455		-144 882			-13%	There was proper management of asset and municipal asset are not too old
Bad Debt		2 502 796		-		2 502 796			0%	
Interest paid		64 440		-		64 440			0%	
Leave provision		84 619		-		84 619			0%	
Administration and other expenses		13 727 324		15 383 522		-1 656 198			-11%	Cost of goods did not increase as per expected inflation rate
		40 490 619		35 720 889		4 769 730				
		53 905 370		66 796 942		-12 891 572				

UMHLABUYALINGANA LOCAL MUNICIPALITY

Appendix A

Schedule of External Loans as at 30 June 2012

External Loans	Loan Number	Redemption Date	Balance at 30/06/2011	Lease obligation initiated	Redeemed/ written off during the	Interest	Balance at 30/06/2012
	-	-	-	-	-		-
Finance Lease Liability	Africio MPC6000 Copier	01/03/2015	155 306	-	55 644	35 960	135 622
Finance Lease Liability	Siemens PABX HIPATH 3550	01/06/2015	-	114 035	38 880	23 587	98 742
	Photo Copier Machine	30/06/2016					
	Photo Copier Machine	30/06/2016					
	Photo Copier Machine						
TOTAL EXTERNAL LOANS			155 306	114 035	94 524	59 547	234 364

UMHLABUYALINGANA LOCAL MUNICIPALITY
Appendix B

Analysis of Property Plant and Equipment as at 30 June 2012

Description	Cost					Accumulated Depreciation					Carrying Value	
	Opening Balance	Additions	Under Construction	Release WIP	Disposals	Closing Balance	Opening Balance	Additions	Disposal	Imparement		Closing Balance
Land and Buildings												
Land	658 992					658 992						658 992
Buildings	25 837 487			30 023 276		55 860 763	5 581 102	961 954		-	6 543 056	49 317 707
	26 496 480			30 023 276		55 860 763	5 581 102	961 954		-	6 543 056	49 976 699
Infrastructure												
Municipal Roads	22 852 536			10 159 440		33 011 975	7 785 101	2 319 085		1 570 278.69	11 674 464	21 337 511
	22 852 536			10 159 440		33 011 975	7 785 101	2 319 085		1 570 278.69	11 674 464	21 337 511
Asset Under Construction												
Infrastructure	31 304 886		31 215 162	(40 182 715)		22 337 333	-	-				22 337 333
	31 304 886		31 215 162	(40 182 715)		22 337 333	-	-				22 337 333
Other												
Plant and Equipment	3 793 275	1 059 734	-			4 853 009	1 831 321	448 532		173 481.66	2 453 335	2 399 674
Financed Leased Assets	276 818	109 272	-			386 090	63 503	84 597		-	148 100	237 991
Vehicles	2 062 323	652 587	-		283 107.86	2 431 802	543 973	281 360	(283 108)	-	542 225	1 889 577
	6 132 416	1 821 593	-		283 107.86	7 670 901	2 438 797	814 488		173 481.66	3 143 659	4 527 242
	86 786 317	1 821 593	31 215 162	-	283 108	118 880 972	15 805 000	4 095 527		1 743 760.35	21 361 180	98 178 472

Umhlabuyalingana Local Municipality
Appendix C
Segmental Analysis of Property Plant and Equipment as at 30 June 2012

Description	Cost						Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Under Construction	Release WIP	Disposals	Closing Balance	Opening Balance	Additions	Impairment	Closing Balance		
Technical	80 653 589	40 182 715	31 215 162	(40 182 715)	-	111 868 751	15 707 566	2 921 313		1 570 278	20 199 157	91 669 594
Finance and Admin	6 132 416	1 821 593	-	-	283 108	7 670 901	2 438 797	814 488	(283 108)	173 482	3 143 659	4 527 242
Community and Social Services												
Total	86 786 005	42 004 308	31 215 162		283 108	119 539 652	18 146 363	3 735 801	(283 108)	1 743 760	23 342 816	96 196 836

UMHLABUYALINGANA LOCAL MUNICIPALITY
APPENDIX D
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2012

Actual Income 2012	Actual expenditure 2012	Surplus / (Deficit) 2012		Actual Income 2011	Actual expenditure 2011	Surplus / (Deficit) 2011
R	R	R		R	R	R
94 670 043	40 860 202	53 809 841	Departments	53 911 046	31 620 770	22 290 276
-	7 202 915	(7 202 915)	Executive & Council	-	4 536 567	(4 536 567)
48 046 000	4 434 908	43 611 092	Management	36 428 051	8 750 778	27 677 273
8 885 407	11 799 654	(2 914 247)	Finance	5 298 853	6 474 475	(1 175 622)
-	4 232 395	(4 232 395)	Corporate Services	-	4 600 182	(4 600 182)
26 951 657	4 648 461	22 303 196	Technical	8 669 129	2 271 835	6 397 294
1 688 065	1 837 291	(149 226)	Traffic Department	1 142 750	902 819	239 931
1 226 327	1 147 962	78 365	Library	1 087 231	949 210	138 021
-	2 775 173	(2 775 173)	Community Services	-	2 415 186	(2 415 186)
7 872 588	2 781 442	5 091 146	Local Economic Development	1 285 032	719 718	565 314
-	-	-	Subsidised Services	-	-	-
-	-	-	Economic Services	-	-	-
-	-	-	Trading Services	-	-	-
94 670 043	40 860 202	53 809 841	Total	53 911 046	31 620 770	22 290 276
		53 905 370				