

# Annual Financial Statements

for

## UMKHANYAKUDE DISTRICT MUNICIPALITY

for the year ended 30 June: **2012**

Province:

KwaZulu Natal

AFS rounding:

**R (i.e. only cents)**

### Contact Information:

<b>Name of Municipal Manager:</b>	Mr. P S Gwacela (Acting MM)
<b>Name of Chief Financial Officer:</b>	Mr. M S Dlamini
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**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information**

**Members of the Council**

S J Vilane	<b>Mayor</b>
H G S Mavimbela	<b>Speaker</b>
S J Vilane, CG Swartz, S H Nxumalo, MC Zungu	Member of the Executive Committee
G P Moodley	Member of the Executive Committee
M W Nxumalo, V F Hlabisa, M B Sangweni, B Mthethwa,	Member
T P Mthethwa, T N Ngema, S F Mdaka, M C F Msweli,	Member
S R Khumalo, B Z Mngomezulu, M W Khumalo, L V Khumalo	
S P Mthethwa, A T Zikhali, Z E Nyawo, D L Gumbi, M Mathenjwa	
P J Mabuyakhulu, S Msane, L X Mathonsi and Z W Mathonsi	

**Municipal Manager**

P S Gwacela (Acting)

**Chief Financial Officer**

M S Dlamini

**Grading of Local Authority**

Grade 4

**Auditors**

Auditor-General

**Bankers**

ABSA

First National Bank

Nedbank

Ithala Bank

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**General information (continued)**

<b>Registered Office:</b>	UMKHANYAKUDE DISTRICT MUNICIPALITY
<b>Physical address:</b>	HARLINGEN NO.13433 KINGFISHER ROAD MKUZE 3965
<b>Postal address:</b>	<b>P.O BOX 449</b> MKUZE 3965
<b>Telephone number:</b>	033- 573 8600
<b>Fax number:</b>	033- 573 8730
<b>E-mail address:</b>	<a href="mailto:nomfundo@ukdm.gov.za">nomfundo@ukdm.gov.za</a>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**Approval of annual financial statements**

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

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note **28** of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*DATE*

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

<b>Index</b>	<b>Page</b>
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Accounting Policies	9-19
Notes to the Annual Financial Statements	20-52
Appendix A: Schedule of External Loans	53
Appendix B: Analysis of Property, Plant and Equipment	54-57
Appendix C: Segmental Analysis of Property, Plant and Equipment	58
Appendix D: Segmental Statement of Financial Performance	59

**UMKHANYAKUDE DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL POSITION**

as at 30 June 2012

Restated

	Note	2012 R	2011 R
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	77 503 971	5 297 874
Trade and other receivables from exchange transactions	3	24 805 857	30 655 200
Other receivables from non-exchange transactions	4	138 813 724	7 549 175
Other current financial assets		-	-
Inventories	4	61 814	61 814
Investments	5	98 156 880	122 601 745
VAT receivable	10	18 461 338	-
<b>Non-current assets</b>			
Other non-current financial assets			
Property, plant and equipment	6	1 145 362 630	1 121 381 028
Intangible assets		-	-
Investment property carried at cost		-	-
Investment property carried at fair value		-	-
Biological assets		-	-
Correction of error (illustrative purposes only)			
<b>Total assets</b>		<b>1 503 166 213</b>	<b>1 287 546 837</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	8	(51 731 817)	(46 011 929)
Consumer deposits	9	(895 731)	(788 332)
VAT payable	10		(1 743 545)
Current provisions	11	(8 956 628)	(5 846 708)
Bank overdraft		-	-
Current portion of unspent conditional grants and receipts	12	(95 322 194)	(128 764 583)
Current portion of borrowings	13	(1 592 234)	(840 988)
Current portion of finance lease liability	14	(650 874)	
Other current financial liabilities	15	(11 524 854)	(9 230 768)
<b>Non-current liabilities</b>			
Non-current unspent conditional grants and receipts	12		
Non-current borrowings	13	(9 805 398)	(11 388 905)
Non-current finance lease liability	14	(31 294)	(682 174)
Other non-current financial liabilities	15		
Defined benefit plan obligations	38	-	-
<b>Total liabilities</b>		<b>(180 511 025)</b>	<b>(205 297 932)</b>
<b>Net assets</b>		<b>1 322 655 187</b>	<b>1 082 248 904</b>
<b>NET ASSETS</b>			
Reserves			
Accumulated surplus / (deficit)		(1 322 655 188)	(1 082 248 904)
<b>Total net assets</b>		<b>(1 322 655 188)</b>	<b>(1 082 248 904)</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY  
STATEMENT OF FINANCIAL PERFORMANCE**

for the year ending 30 June 2012

**Restated**

	<b>Note</b>	<b>2012 R</b>	<b>2011 R</b>
<b>Revenue</b>			
Service charges	16	45 792 525	44 626 566
Rental of facilities and equipment	18	120 592	167 446
Interest earned-investments & current bank accounts	19	11 144 388	4 797 056
Interest earned - outstanding receivables	20	4 897 669	
Fines			
Licences and permits			
Government grants and subsidies	21	430 831 130	188 982 151
Public contributions and donations	22	11 500	-
Other income	22	430 696	331 912
<b>Total revenue</b>		<b>493 228 501</b>	<b>238 905 131</b>
<b>Expenses</b>			
Employee related costs	23	62 795 378	56 933 271
Remuneration of councillors	24	2 556 152	3 419 329
Depreciation and amortisation expense	25	47 604 949	-
Repairs and maintenance		7 183 169	1 197 463
Finance costs	26	1 223 853	1 157 978
Bulk purchases	27	55 919 935	46 705 237
Contracted services	28	16 817 694	14 062 589
Grants Expenditure		5 581 711	808 260
General expenses	30	53 139 376	8 477 685
<b>Total expenses</b>		<b>252 822 218</b>	<b>132 761 813</b>
Gain / (loss) on sale of assets		-	474 003
(Impairment loss) / Reversal of impairment loss		-	-
Profit / (loss) on fair value adjustment		-	-
Inventories: (Write-down) / reversal of write-down to net realisable value		-	-
<b>Surplus / (deficit) for the period</b>		<b>240 406 284</b>	<b>106 617 321</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2012

	Note	Accumulated Surplus/(Deficit) R	Total: Net Assets R
<b>Opening Balance</b>		(974 532 660)	<b>(974 532 660)</b>
Changes in accounting policy			-
Correction of prior period error	<b>34</b>	<b>1 904 826</b>	<b>1 904 826</b>
<b>Balance at 01 July 2010 as restated</b>		<b>(972 627 834)</b>	<b>(972 627 834)</b>
Surplus / (deficit) on revaluation of property of property, plant and equipment			-
Other items		(3 003 749)	<b>(3 003 749)</b>
Surplus / (deficit) for the period		<b>(106 617 321)</b>	(106 617 321)
<b>Balance at 01 July 2011 as restated</b>		<b>(1 082 248 904)</b>	<b>(1 082 248 904)</b>
Surplus / (deficit) for the period		(240 406 284)	(240 406 284)
<b>Balance at 30 June</b>	<b>2012</b>	<b>(1 322 655 188)</b>	<b>(1 322 655 188)</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**

**CASH FLOW STATEMENT**

as at 30 June 2012

	Note	2012 R	2011 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>		<b>482 540 758</b>	<b>206 971 588</b>
Sales of goods and services		45 792 525	44 626 566
Grants		430 831 130	188 982 151
Interest received		16 042 058	4 797 056
Other Receipt		562 789	973 361
Movement in Receivables		(10 687 743)	(32 407 546)
<b>Payments</b>		<b>229 171 909</b>	<b>51 803 835</b>
Employee costs		65 351 531	60 352 600
Suppliers		139 865 738	70 152 312
Interest paid		-	1 157 978
Movement in Payables		23 954 640	(79 859 055)
<b>Net cash flows from operating activities</b>	<b>31</b>	<b>253 368 850</b>	<b>155 167 753</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		(206 380 112)	(44 840 106)
Proceeds from sale of fixed assets		-	-
Proceeds from sale of investments		-	(111 408 812)
Call deposits redeemable within 90 days		26 049 520	
<b>Net cash flows from investing activities</b>		<b>(180 330 593)</b>	<b>(156 248 918)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1 583 406)	-
Proceeds from finance lease liability		751 246	1 444 967
Repayment of finance lease liability		-	(384 506)
<b>Net cash flows from financing activities</b>		<b>(832 160)</b>	<b>1 060 461</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>72 206 097</b>	<b>(20 704)</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>5 297 874</b>	<b>5 318 575</b>
<b>Net cash and cash equivalents at end of period</b>	<b>32</b>	<b>77 503 971</b>	<b>5 297 871</b>

**Notes to the Annual Financial Statements**

**Accounting Policies**

**1. Presentation of Financial Statements**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. The annual financial statements have been prepared in accordance with South African Standards of Generally Recognised Accounting Practice (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

Accounting policies for material transactions, 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 applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

## Standard of GRAP

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash flow statements
GRAP 3	Accounting policies, changes in accounting estimates and errors
GRAP 4	The effects of changes in foreign exchange rates
GRAP 5	Borrowing costs
GRAP 6	Consolidated financial statements and accounting for controlled entities
GRAP 7	Investments in associates
GRAP 8	Interest 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 reporting date
GRAP 16	Investment Property
GRAP 17	Property, plant and equipment
GRAP 19	Provisions, contingent liabilities and contingent assets
GRAP 100	Non- current assets held for sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets
IFRS 3 (AC 140)	Business Combinations
IFRS 4 (AC 141)	Insurance Contracts
IFRS 6 (AC 143)	Exploration for and Evaluation of Mineral resources
IFRS 7 (AC 144)	Financial Instruments: Disclosures
IAS 12 (AC 102)	Income Taxes
IAS 19 (AC 116)	Employee Benefits
IAS 32 (AC 125)	Financial Instruments: Presentation
IAS 36 (AC 128)	Impairment of Assets
IAS 39 (AC 133)	Financial Instruments: Recognition and Measurement
IPSAS 120	Related Party Disclosure
IPSAS 121	Impairment of Non cash Generating Assets
IFRIC 4	Determining whether an Arrangement contains a Lease
IFRIC 14	The Limit of a Defined Benefit Asset, Minimum Funding requirement and their interaction. Applying the Probability Test on Initial Recognition of Exchange
IGRAP 1	Revenue

The accounting policies applied are consistent with those used to present the previous year's annual financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### 1.1 Significant judgments and sources of estimation and uncertainty

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

#### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are in note – 12, Provisions.

## 1.2 Property, plant and equipment

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

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

it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and

the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired at no cost, for a nominal cost, its cost is its fair value as at date of acquisition.

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

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

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

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

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

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

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

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

### Item

Infrastructure	
• Electricity	20 – 30
• Water	15 – 20
• Sewerage	15 – 20
Community	
• Buildings	30
• Airport	20
• Security measures	5

### Average useful life

Bins and containers	5
Computer equipment	5
Computer software	3 – 5
Emergency equipment	15
Furniture and fittings	7 – 10
Motor vehicles	5
Office equipment	5
Office machines	3 – 5
Plant and equipment	2 – 10
Telecommunication	5

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

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

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

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

### **1.3 Intangible Assets**

Intangible assets comprise computer software and anti-virus software and are initially recognised at cost.

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

Amortisation is provided for intangible assets on a straight line basis over the useful life. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

#### **Item**

Computer software

#### **Average useful life (years)**

3 – 5

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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

- 12 -

#### **1.4 Investments**

Financial instruments, which include fixed deposits and short-term deposits invested in registered commercial banks, are stated at cost.

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

#### **1.5 Financial instruments**

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

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired.

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

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

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

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

##### **Bank overdraft and borrowings**

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the municipality's accounting policy for borrowing costs.

#### **1.6 Leases**

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

##### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

##### **Finance lease – lessee**

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

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

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

- 13 -

#### **1.7 Inventories**

The inventories are initially measured at cost, except where inventories are acquired at no cost, or for nominal consideration, and then their costs are their fair value as at date of acquisition.

Subsequently inventories are measured at the lower of cost or net realizable value.

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

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

#### **1.8 Impairment of assets**

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

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

- tests 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.

tests goodwill acquired in a business combination for impairment annually.

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

The recoverable 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 amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable 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.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

The increased carrying amount of an asset other than goodwill 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.

## 1.8

### **Impairment of assets – (continued)**

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

## 1.9 Employee benefits

### Short term employee benefits

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

### Pension Obligations

Umkhanyakude District Council and its employees contribute to the Natal Joint Municipal Pension Fund, Kwazulu-Natal Joint Municipal Provident Fund and GEPP which provides retirement benefits to such employees. The retirement benefit plan is subject to the rules and regulations prescribed by the Local Government Superannuation Ordinance, 1973 (Ordinance No.24 of 1973) and in accordance with the requirements of the Pension Fund Act, 1956 Current contributions are charged against operating income on the basis of current service costs.

## 1.10 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

- 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  
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.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

## 1.11 Revenue from exchange transactions

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

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

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

### Measurement

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

### Rendering of service

When the outcome of transaction involving the rendering of service can be estimated reliable, revenue associated with the transaction is recognized by reference to the stage of completion of transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following condition are satisfied:

- > the amount of revenue can be measure reliably.
- >it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- >the stage of completion of transaction at the reporting date can be measured reliably.
- >the cost incurred for the transaction and cost to complete the transaction could be measured reliably

When service are performed by indeterminable number of act over a specified time frame, revenue is recognized on a straight line basis over the specific time frame unless there an evidence that some other methods better represent stage of completion .when a specific act is much more significant than any other act, the recognition of revenue is postpone until the significant acts is executed.

### **1.12 Revenue from non exchange transactions**

Non exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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

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

#### **Measurement**

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

### **Revenue from non exchange transactions**

#### **Rates, including collection charges and penalties interest**

Revenue from rates ,including collection charges and penalty interest, is recognized when :

- it is probably that economic benefit or service potential associated with the transaction will flow to the municipality.
- the amount of revenue could be measure reliably and
- there has been compliance with the relevant legal requirements.

Changes to the property values during a reporting period by a suitably qualified valuator and adjustments are made to the rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognized are processed or additional rate revenue is recognized.

#### **Government grants**

Government grants are recognized as revenue when:

- it is probable that economic benefits or service potential associated with the transaction will flow to the municipality
- the amount of the revenue can be measured reliably and
- to the extent that there has been compliance with any restriction associated with the grant.

Restrictions in government grants may result in such revenue being recognized on the time proportion basis. Where there is no restriction on the period, such revenue is recognized on receipt or when the Act becomes effective, which-ever is earlier.

### **1.13 Investment income**

Interest and rentals are recognised on a time proportion basis.

#### **1.14 Borrowing costs**

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

#### **1.15 Comparative figures**

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

#### **1.16 Unauthorised expenditure**

Unauthorised expenditure means:

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

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

#### **1.17 Fruitless and wasteful expenditure**

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

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

#### **Fruitless and wasteful expenditure – (continued)**

recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### **1.18 Irregular expenditure**

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

this Act, or

the state tender board Act, 1968 (Act no. 86 of 1968), or any regulation made in term of this act, or

any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

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

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

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

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

#### **1.19 Conditional Grants and receipts**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

#### **1.20 Going concern assumption**

These annual financial statements have been prepared on a going concern basis.

### **1.21 Presentation currency**

These annual financial statements are presented in South African Rand.

### **1.22 Offsetting**

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

### **1.23 Segmental information**

Segmental information on property, plant and equipment, as well as income and expenditure, is set out in Appendices C and D, based on the International Government Financial Statistics classifications and the budget formats prescribed by National Treasury. The municipality operates solely in its area of jurisdiction as determined by the Demarcation Board.

Segment Information is prepared in conformity with the accounting policies applied after preparing and presenting the financial statements

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012 R	2011 R
<b>2 CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents consist of the following:		
Petty Cash/Cash on Hand	13 026	87 659
Cash at bank	51 333 112	4 353 782
Call Deposit	26 157 833	856 433
	<u>77 503 971</u>	<u>5 297 874</u>
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
ABSA Bank- Mkuze Branch: Account Number: 4053107423		
Cash book balance at beginning of year	2 935 073	8 127 014
Cash book balance at end of year	23 100 171	2 935 073
Bank statement balance at beginning of year	2 935 073	8 119 855
Bank statement balance at end of year	23 100 171	2 935 073
<b><u>Current Account (Other Account)</u></b>		
First National Bank- Mkuze Branch: Account Number: 62026865321		
Cash book balance at beginning of year	1 418 710	(3 457 465)
Cash book balance at end of year	27 402 772	1 418 710
Bank statement balance at beginning of year	6 766 876	5 670 965
Bank statement balance at end of year	27 402 772	6 766 876
<b><u>Savings Account</u></b>		
First National Bank- Mkuze Branch: Account Number: 62092993809		
Cash book balance at beginning of year	500 521	497 182
Cash book balance at end of year	505 714	500 521
Bank statement balance at beginning of year	500 521	497 182
Bank statement balance at end of year	505 714	500 521
First National Bank- Mkuze Branch: Account Number: 62027696478		
Cash book balance at beginning of year	81 970	82 896
Cash book balance at end of year	81 043	81 970
Bank statement balance at beginning of year	81 970	82 896
Bank statement balance at end of year	81 043	81 970
First National Bank- Mkuze Branch: Account Number: 62263733258		
Cash book balance at beginning of year	27 010	26 474
Cash book balance at end of year	27 270	27 010
Bank statement balance at beginning of year	27 010	26 474
Bank statement balance at end of year	27 270	27 010
ITHALA Bank- Mkuze Branch: Account Number: 23247671		
Cash book balance at beginning of year	246 933	40 913
Cash book balance at end of year	324 453	246 933
Bank statement balance at beginning of year	246 933	40 913
Bank statement balance at end of year	324 453	246 933
Call investments	26 049 520	-
Total cash and cash equivalents	<u>77 503 971</u>	<u>5 297 874</u>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
<b>3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>			
<b>Trade receivables</b>			
<b>as at 30 June 2012</b>			
Service debtors			
Land Rates			-
Electricity	R 3 391 264	-	3 391 264
Water	R 116 138 514	107 569 444	8 569 069
Sewerage	R 7 468 610	-	7 468 610
Refuse	-	-	-
<b>Total</b>		<b>126 998 389</b>	<b>19 428 944</b>
<b>Debtors prepayments</b>		-	<b>5 376 912</b>
		-	<b>5 376 912</b>
<b>Total Trade and other receivables</b>		<b>126 998 389</b>	<b>24 805 857</b>
<b>as at 30 June 2011</b>			
Service debtors			
Land Rates			-
Electricity	3 230 547	-	3 230 547
Water	107 331 019	(86 675 789)	20 655 230
Sewerage	6 055 526	-	6 055 526
Refuse	-	-	-
<b>Total</b>		<b>116 617 091</b>	<b>29 941 302</b>
<b>Debtors Prepayments</b>		<b>713 898</b>	<b>713 898</b>
		<b>713 898</b>	<b>713 898</b>
<b>Total Trade and other receivables</b>		<b>117 330 989</b>	<b>30 655 200</b>
<b>Electricity, Water and Sewerage: Ageing</b>			
Current (0 – 30 days)		10 614 984	8 699 309
31 - 60 Days		3 285 987	2 435 360
61 - 90 Days		2 943 649	2 413 847
91 - 120 Days		2 440 784	2 180 171
121 - 365 Days		107 712 985	100 888 404
<b>Total</b>		<b>126 998 389</b>	<b>116 617 091</b>
<b>Water</b>			
Current (0 – 30 days)		10 315 877	7 831 352
31 - 60 Days		2 976 814	2 239 526
61 - 90 Days		2 779 999	2 205 382
91 - 120 Days		2 275 307	2 014 501
121 - 365 Days		97 790 517	93 040 258
		<b>116 138 514</b>	<b>107 331 019</b>
<b>Sewerage</b>			
Current (0 – 30 days)		280 808	(73 620)
31 - 60 Days		181 521	73 570
61 - 90 Days		63 155	89 424
91 - 120 Days		66 062	78 512
121 - 365 Days		6 877 065	5 887 640
		<b>7 468 610</b>	<b>6 055 526</b>
<b>Electricity</b>			
Current (0 – 30 days)		18 299.62	941 577.63
31 - 60 Days		127 651.47	122 264.31
61 - 90 Days		100 495.27	119 040.49
91 - 120 Days		99 415.69	87 158.51
121 - 365 Days		3 045 402.17	1 960 505.76
		<b>3 391 264</b>	<b>3 230 547</b>

**Summary of Debtors by Customer Classification**

	Consumers	Industrial / Commercial	National and Provincial Government
	R	R	R
<b>as at 30 June 2012</b>			
Current (0 – 30 days)	27 235	(780 866)	(1 740 978)
31 - 60 Days	1 946 698	949 097	738 017
61 - 90 Days	1 975 783	844 398	547 546

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	Note	2012 R	2011 R
91 - 120 Days	1 727 098	787 765	518 526
121 - 365 Days	81 515 796	22 960 465	14 981 807
<b>Total debtors by customer classification</b>		<b>87 192 610</b>	<b>15 044 918</b>

**3 Reconciliation of the doubtful debt provision**

Balance at beginning of the year	86 675 789	-
Contributions to provision	3 555 406	86 675 789
Doubtful debts written off against provision	17 338 249	-
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>107 569 444</b>	<b>86 675 789</b>

**Trade and other receivables impaired**

The averaged debtors impairment amounted to **R 5,272,829** which was significantly below the debtors provision of **R 107,569,444**, therefore the Debtors provision of **R107 569,444** wa recognised.

The fair value of trade and other receivables approximates their carrying amounts.

During the year under rateable property in the District Management area, in respect of S 7(1) of the Municipal Property Rates Act of 2004, was transferred to the Local Municipalities and as such all Property Rates charged in respect of such properties were reversed, retrospectively.

**4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

Housing loans	1	1
Veihcle loans	69 939	69 939
Avis loan - Mithombeni LM	242 792	242 792
Loan to Umhlabuyalingana	108 762	2 090 006
Councillors and Staff	1 166 289	4 205
Debtor Fraud	3 805 917	3 805 917
Debtor Shemula	2 730	2 730
Sundry Debtors - Water Mtuba	4 022 951	6 730 049
Sundry Debtors - Umhlathuze Water	345 633	345 633
Pre - Paid Expense	100 000	100 000
Ocilwane Water	1 553 317	1 555 963
Prepayments	134 793 454.25	
Less:Provision For Doubtful Debt	(7 398 060)	(7 398 060)
<b>Total Other Debtors</b>	<b>138 813 724</b>	<b>7 549 175</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012 R	2011 R
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**4 INVENTORIES**

**Opening balance of inventories:**

Consumable stores - at cost	-	-
Maintenance materials - at cost	-	57 784
Spare parts – at net realisable value	-	-
Other goods held for resale – at cost	-	-
Water	61 814	926 935
	<b>61 814</b>	<b>984 719</b>

**Additions:**

Consumable stores	-	4 030
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	61 814	-
	<b>61 814</b>	<b>4 030</b>

**Issued (expensed):**

Consumable stores	-	(926 935)
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	-	-
	<b>-</b>	<b>(926 935)</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

Note	2012 R	2011 R
<b>Write-down / (reversal of write-down) to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b>	-	-
Consumable stores	-	-
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	-	-
<b>Closing balance of inventories:</b>	<b>61 814</b>	<b>61 814</b>
Consumable stores	-	-
Maintenance materials	-	-
Spare parts	-	-
Other goods held for resale	-	-
Water	61 814	61 814

**5 INVESTMENTS**

Deposits	-	-
Call investments	98 156 880	122 601 745
	<b>98 156 880</b>	<b>122 601 745</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**6 PROPERTY, PLANT AND EQUIPMENT**

**6.1 Reconciliation of Carrying Value**

	Land	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
<b>as at 1 July 2011</b>	<b>21 535 869</b>	<b>1 083 468 031</b>	<b>11 850 559</b>	-	<b>4 526 569</b>	-	<b>1 121 381 028</b>
Cost/Revaluation	24 041 800	1 285 441 038	12 251 944	-	24 593 326	-	1 346 328 108
Correction of error (note 48)							-
Change in accounting policy (note 47)							-
Accumulated depreciation and impairment losses	(2 505 931)	(201 973 007)	(401 385)	-	(20 066 757)	-	(224 947 079)
Acquisitions	-	-	-	-	1 462 146	-	1 462 146
Capital under Construction	-	70 124 405	-	-	-	-	70 124 405
Depreciation	(738 427)	(44 728 602)	-	-	(2 137 921)	-	(47 604 949)
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
<b>as at 30 June 2012</b>	<b>20 797 442</b>	<b>1 108 863 834</b>	<b>11 850 559</b>	-	<b>3 850 794</b>	-	<b>1 145 362 630</b>
Cost/Revaluation	24 041 800	1 355 565 443	12 251 944	-	26 055 472	-	1 417 914 659
Accumulated depreciation and impairment losses	(3 244 358)	(246 701 609)	(401 385)	-	(22 204 678)	-	(272 552 028)

\*Other movements consist of .....

Refer to Appendix B for more detail on property, plant and equipment [App B'A1](#)

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

6.1 Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R
<b>as at 1 July 2010</b>	<b>21 535 869</b>	<b>1 038 627 925</b>	<b>11 850 559</b>	-	<b>4 526 569</b>	-	<b>1 076 540 922</b>
Cost/Revaluation	24 041 800	1 240 600 932	12 251 944	-	24 593 326	-	1 301 488 002
Correction of error (note 48)							-
Change in accounting policy (note 47)							-
Accumulated depreciation and impairment losses	(2 505 931)	(201 973 007)	(401 385)	-	(20 066 757)	-	(224 947 079)
Acquisitions	-	-	-	-	-	-	-
Capital under Construction	-	44 840 106	-	-	-	-	44 840 106
Depreciation	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-
<b>as at 30 June 2011</b>	<b>21 535 869</b>	<b>1 083 468 031</b>	<b>11 850 559</b>	-	<b>4 526 569</b>	-	<b>1 121 381 028</b>
Cost/Revaluation	24 041 800	1 285 441 038	12 251 944	-	24 593 326	-	1 346 328 108
Accumulated depreciation and impairment losses	(2 505 931)	(201 973 007)	(401 385)	-	(20 066 757)	-	(224 947 079)

\*Other movements consist of .....

Refer to Appendix B for more detail on property, plant and equipment [App B!A1](#)

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**8 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade creditors	(46 354 905)
<b>Add : Debtors Prepayments</b>	<u>(5 376 912)</u>
<b>Total creditors</b>	<u><u><b>(51 731 817)</b></u></u>

The fair value of trade and other payables approximates their carrying amounts.

**9 CONSUMER DEPOSITS**

Electricity and Water	(895 731)
<b>Total consumer deposits</b>	<u><u><b>(895 731)</b></u></u>

**10 VAT PAYABLE**

VAT payable	<u><u>-</u></u>
-------------	-----------------

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**10 VAT RECEIVABLE**

VAT receivable	18 461 338
	<u><u><b>18 461 338</b></u></u>

VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**11 PROVISIONS**

13th Cheque Provision	(2 221 218)
Current portion of long-service provision (see note25)	-
Provision for leave	(6 735 411)
BackPay Provision	-
<b>Total Provisions</b>	<b><u>(8 956 628)</u></b>

**13th cheque** payments are made on each employee's anniversary month

The movement in current provisions are reconciled as follows: -

	<b>13th Cheque Provision</b>	<b>Back Pay Provision</b>	<b>Provision for leave</b>
<b>as at 1 July 2011</b>	(1 432 823)	(1 103 236)	(3 310 649)
Contributions to provision	(2 221 218)	-	(3 424 761)
Expenditure incurred	1 432 823	1 103 236	-
<b>as at 30 June 2012</b>	<b><u>(2 221 218)</u></b>	<b><u>-</u></b>	<b><u>(6 735 410)</u></b>
<b>as at 1 July 2010</b>	(842 700)	(509 218)	(2 877 512)
Contributions to provision	(590 123)	(594 018)	(433 137)
Expenditure incurred	-	-	-
<b>as at 30 June 2011</b>	<b><u>(1 432 823)</u></b>	<b><u>(1 103 236)</u></b>	<b><u>(3 310 649)</u></b>

**12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

PIMMS/ NDT Operational	(300)
FMG	(560 451)
Capacity Building: Asset Management	(438 028)
Shared Services Grant	(308 232)
Debt Collection Grant	(420 907)
Umnqobokazi Sportfield	(258 244)
Kwazibi National Lottery	(166 667)
Mqobela National Lottery	(166 666)
Mabibi National Lottery	(166 667)
Mtuba Water Conservation and Demand Management	(524 310)
Kwazibi Water Purification Grant	(915 000)
KwaJobe-Cezwana Water Purification Grant	(787 880)
KwaJobe-Nongowoza Water Purification Grant	(915 000)
Bazaneni River Water Purification Grant	(756 400)
Disaster Management	(463 038)
Growth and Development Summit	(100 000)
Corridor Development	(702 917)
MSIG Grant	(189 771)
Intergovernmental Relations Implementation Grant (IRIG)	(917 000)
Expanded Public Works Programme (EPWP)	(82 094)
Lake Tete	(267 001)
Kwadapha	(578 891)
Vukukhanye Mashaba	46 108
Nyezi Community HIV Centre	(303 570)
Umkhombe Tours	(908 690)
Waste Management	(145 565)
Environmental Management Grant	(1 500 000)
Massification Grant	(17 556 991)
Rural Transport Infrastructure and System Grant	(1 687 000)
Municipal Government Administration	(800 000)
Ndumo Learners Shelter	(35 000 000)
Mig Reserves	(27 448 175)
Other	(332 846)
	<b><u>(95 322 194)</u></b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
<b>13 BORROWINGS</b>	
DBSA Loans	(11 397 632)
Less : Current portion transferred to current liabilities	(1 592 234)
<b>Total borrowings</b>	<u><u><b>(9 805 398)</b></u></u>

The loans from Development Bank South Africa are subject to interest at the average rate of 6.75% and are repayable over an average period of 13 years.

Refer to Appendix A for more detail on borrowings.

**14 FINANCE LEASE LIABILITY**

	<b>2012</b>	<b>Future finance charges</b>
		<b>R</b>
<b>Amounts payable under finance leases</b>		
Within one year		(650 874)
Within two to five years		(31 300)
		<u><u><b>(682 174)</b></u></u>
Less: Amount due for settlement within 12 months (current portion)		

The average lease term is 5 years and the average effective borrowing rate is 3.3%. Interest rates are fixed at the contract date. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

**15 OTHER FINANCIAL LIABILITIES**

**15.1 OTHER CURRENT FINANCIAL LIABILITIES**

Cogta - Rural Metro	(2 740 299)
Unallocated deposits	(2 326 663)
Retention creditors	(7 002 989)
Rates debtors prepayments	-
Other	545 097
<b>Other current financial liabilities</b>	<u><u><b>(11 524 854)</b></u></u>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

2012  
R

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
<b>16 SERVICE CHARGES</b>	
Sale of electricity	(4 390 387)
Sale of water	(39 784 516)
Sanitation charges	(1 617 622)
<b>Total Service Charges</b>	<b><u>(45 792 525)</u></b>
<b>18 RENTAL OF FACILITIES</b>	
Rental of Buildings	(120 592)
<b>Total Rentals</b>	<b><u>(120 592)</u></b>
<b>19 INTEREST EARNED</b>	
Investments	(9 415 567)
Other	(1 728 821)
<b>Total interest</b>	<b><u>(11 144 388)</u></b>
<b>20 INTEREST EARNED - OUTSTANDING RECEIVABLES</b>	
Debtor	(4 897 669)
<b>Total interest</b>	<b><u>(4 897 669)</u></b>
<b>21 GOVERNMENT GRANTS AND SUBSIDIES</b>	
Equitable share	(188 916 098)
MIG Grant	(233 848 225)
Other Government Grants and Subsidies	(8 066 807)
<b>Total Government Grant and Subsidies</b>	<b><u>(430 831 130)</u></b>
<b>PIMMS/ NDT Operational</b>	
Balance unspent at beginning of year	( 300)
Current year receipts	-
Conditions met - transferred to revenue	-
	<b><u>( 300)</u></b>
<b>FMG</b>	
Balance unspent at beginning of year	( 483 130)
Current year receipts	( 1 250 000)
Conditions met - transferred to revenue	895 491
	277 187
	<b><u>( 560 452)</u></b>
<b>CAPACITY BUILDING: ASSET MANAGEMENT</b>	
Balance unspent at beginning of year	( 784 000)
Current year receipts	-
Conditions met - transferred to revenue	345 972
	<b><u>( 438 028)</u></b>
<b>MASSIFICATION GRANT</b>	
Balance unspent at beginning of year	( 1 792 000)
Current year receipts	( 15 956 000)
Conditions met - transferred to revenue	191 009
	<b><u>( 17 556 991)</u></b>
<b>SHARED SERVICES GRANT</b>	
Balance unspent at beginning of year	( 1 982 004)
Current year receipts	-
Conditions met - transferred to revenue	2 134 540
Adjustment	( 460 768)
	<b><u>( 308 232)</u></b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**DEBT MANAGEMENT GRANT**

Balance unspent at beginning of year	( 560 520)
Current year receipts	-
Conditions met - transferred to revenue adjustment- prior year	139 612
	<u>( 420 908)</u>

**UMNQOBOKAZI**

Balance unspent at beginning of year	( 258 244)
Current year receipts	-
Conditions met - transferred to revenue adjustment	-
	<u>( 258 244)</u>

**KWAZIBI NATIONAL LOTTERY**

Balance unspent at beginning of year	( 166 667)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 166 667)</u>

**MQOBELA NATIONAL LOTTERY**

Balance unspent at beginning of year	( 166 666)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 166 666)</u>

**MABIBI NATIONAL LOTTERY**

Balance unspent at beginning of year	( 166 667)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 166 667)</u>

**MTUBA WATER CONSERVATION AND DEMAND MANAGEMENT**

Balance unspent at beginning of year	( 524 309)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 524 309)</u>

**KWAZIBI WATER PURIFICATION**

Balance unspent at beginning of year	( 915 000)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 915 000)</u>

**KWAJOBÉ CEZWANE WATER PURIFICATION**

Balance unspent at beginning of year	( 787 880)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u>( 787 880)</u>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
<b>KWAJOBENONGOWOZA WATER PURIFICATION</b>	
Balance unspent at beginning of year	( 915 000)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 915 000)</u></u>
<b>BAZANENI RIVER WATER PURIFICATION</b>	
Balance unspent at beginning of year	( 756 400)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 756 400)</u></u>
<b>DISASTER MANAGEMENT</b>	
Balance to be refunded at beginning of year	( 2 491 709)
Current year receipts	-
Expenditure claimed in accordance with grant conditions	2 028 670
	<u><u>( 463 039)</u></u>
<b>GROWTH AND DEVELOPMENT GRANT</b>	
Balance unspent at beginning of year	( 100 000)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 100 000)</u></u>
<b>CORRIDOR DEVELOPMENT</b>	
Balance unspent at beginning of year	( 704 800)
Current year receipts	-
Conditions met - transferred to revenue	1 883
Adjustment	-
	<u><u>( 702 917)</u></u>
<b>MSIG</b>	
Balance unspent at beginning of year	( 566 784)
Current year receipts	( 790 000)
Conditions met - transferred to revenue	1 167 013
	<u><u>( 189 771)</u></u>
<b>INTERGOVERNMENTAL RELATIONS IMPLEMENTATION GRANT</b>	
Balance unspent at beginning of year	( 917 000)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 917 000)</u></u>
<b>SUPPORT &amp; DEVELOPMENT CAPACITY GRANT</b>	
Balance unspent at beginning of year	-
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>-</u></u>
<b>EXPANDED PUBLIC WORKS PROGRAMME (EPWP)</b>	
Balance to be refunded at beginning of year	(82 094)
Current year receipts	-
Expenditure claimed in accordance with grant conditions	-
	<u><u>( 82 094)</u></u>
<b>LAKE TETE</b>	

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
Balance to be refunded at beginning of year	( 267 001)
Current year receipts	
Expenditure claimed in accordance with grant conditions	
	<u><u>( 267 001)</u></u>
 <b>KWADAPHA</b>	
Balance unspent at beginning of year	( 578 891)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 578 891)</u></u>
 <b>VUKUKHANYE MASHABA</b>	
Balance unspent at beginning of year	46 108
Current year receipts	
Conditions met - transferred to revenue	
	<u><u>46 108</u></u>
 <b>NYEZI COMMUNITY HIV CENTRE</b>	
Balance unspent at beginning of year	( 303 570)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 303 570)</u></u>
 <b>UMKHOMBE TOURS</b>	
Balance unspent at beginning of year	( 908 690)
Current year receipts	-
Conditions met - transferred to revenue	-
	<u><u>( 908 690)</u></u>
 <b>WASTE MANAGEMENT GRANT</b>	
Balance unspent at beginning of year	( 145 565)
Current year receipts	
Conditions met - transferred to revenue	
	<u><u>( 145 565)</u></u>
 <b>ENVIRONMENTAL MANAGEMENT GRANT</b>	
Balance unspent at beginning of year	( 1 500 000)
Current year receipts	
Conditions met - transferred to revenue	
	<u><u>( 1 500 000)</u></u>
 <b>Rural Transport Infrastructure and System Grant</b>	
Balance unspent at beginning of year	-
Current year receipts	( 1 687 000)
Conditions met - transferred to revenue	
	<u><u>( 1 687 000)</u></u>
 <b>Municipal Government Administration</b>	
Balance unspent at beginning of year	-
Current year receipts	( 800 000)
Conditions met - transferred to revenue	
	<u><u>( 800 000)</u></u>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
<b>Ndumo Learners Shelter</b>	
Balance unspent at beginning of year	-
Current year receipts	( 35 000 000)
Conditions met - transferred to revenue	
	<u><u><b>( 35 000 000)</b></u></u>
 <b>MIG Grant</b>	
Balance unspent at beginning of year	( 110 557 287)
Current year receipts	(153 137 422)
Conditions met - transferred to revenue	235 342 200.90
Other	904 334
	<u><u><b>( 27 448 175)</b></u></u>
 <b>Other Grants</b>	
Balance unspent at beginning of year	571 488
Current year receipts	( 904 334)
Conditions met - transferred to revenue	
	<u><u><b>( 332 846)</b></u></u>
 <b>TOTAL CONDITIONAL AND OTHER GRANTS</b>	
Balance Unspent at beginning of the year	( 128 764 583)
Current Year Receipts	( 209 524 756)
Conditions met- transferred to revenue	242 246 392
Other Adjustment	720 753
	<u><u><b>( 95 322 194)</b></u></u>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS**

**22.1 Other income**

Other income	(430 696)
<b>Total Other Income</b>	<b><u>(430 696)</u></b>

**22.1 Public contributions and donations**

Public contributions - Conditional	-
Public contributions - Unconditional	-
Donations	(11 500)
<b>Total public contributions and donations</b>	<b><u>(11 500)</u></b>

**23 EMPLOYEE RELATED COSTS**

Employee related costs - Salaries and Wages	40 070 283
Employee related costs - Contributions for UIF, pensions and medical aids	6 624 363
Travel, motor car, accommodation, subsistence and other allowances	9 860 772
Housing benefits and allowances	467 572
Overtime payments	1 959 512
Performance and other bonuses	0
Long-service awards	0
Other employee related costs	3 812 875
<b>Employee Related Costs</b>	<b><u>62 795 378</u></b>

**Remuneration of the Municipal Manager**

Annual Remuneration	632 491
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	140 178
Contributions to UIF, Medical and Pension Funds	160 617
other	49 600
<b>Total</b>	<b><u>982 886</u></b>

The Municipal Manager was suspended in January 2012, and then Mr PS Gwacela was appointed as a Acting Municipal Manager after the suspension of Mr KM Moodley, earning an amount of R 508 414.57 for a period of six months

**Remuneration of the Acting Chief Finance Officer**

Annual Remuneration	203 917
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	1 043 091
Contributions to UIF, Medical and Pension Funds	66 535
<b>Total</b>	<b><u>1 313 543</u></b>

During January 2012, the Acting Chief Financial Officer was suspended and Mr ZSG Masuku acted in this position as Bonakude Consulting earning an amount of R 565 559 .74 for a period of six months.

**Remuneration of Individual Executive Directors**

**Corporate Services**  
**R**

**2012**

Annual Remuneration	672 366
Performance- and other bonuses	90 872
Travel, motor car, accommodation, subsistence and other allowances	99 411
Contributions to UIF, Medical and Pension Funds	-
<b>Total</b>	<b><u>862 649</u></b>

**Corporate Services**  
**R**

**2011**

Annual Remuneration	580 754
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	89 024
Contributions to UIF, Medical and Pension Funds	125 367
<b>Total</b>	<b><u>795 145</u></b>

**2012**

**SED**

Annual Remuneration	562 009
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**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	167 200
Contributions to UIF, Medical and Pension Funds	151 109
Other earnings	205 804
<b>Total</b>	<b>1 086 122</b>

The contract for Executive Director : SED expired in February 2012 and subsequent to that he was reappointed on a month to month contract for six months.

	<b>SED</b>
Annual Remuneration	479 578
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	253 912
Contributions to UIF, Medical and Pension Funds	136 555
<b>Total</b>	<b>870 045</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
<b>24 REMUNERATION OF COUNCILLORS</b>	<b>2012</b>
Mayor	447 431
Deputy Mayor	370 617
Speaker	370 617
Executive Committee Members	998 108
Councillors	329 452
Allowances	39 928
<b>Total Councillors' Remuneration</b>	<b><u>2 556 152</u></b>
<b>In-kind Benefits</b>	
The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.	
The Mayor has use of the Council owned vehicle for official duties. The Mayor has 2 full-time bodyguards and 1 relief.	
<b>25 DEPRECIATION AND AMORTISATION EXPENSE</b>	
Property, plant and equipment	(47 604 949)
<b>Total Depreciation and Amortisation</b>	<b><u>(47 604 949)</u></b>
<b>26 FINANCE COSTS</b>	
Borrowings	1 223 853
<b>Total Finance Costs</b>	<b><u>1 223 853</u></b>
<b>27 BULK PURCHASES</b>	
Electricity	17 209 160
Water	38 710 775
<b>Total Bulk Purchases</b>	<b><u>55 919 935</u></b>
<b>28 CONTRACTED SERVICES</b>	
Lease Repayment	3 631 447
Security	1 593 188
Contract Services	2 594 382
Disaster Management	8 876 354
Refuse Removal	122 323
	<b><u>16 817 694</u></b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**30 GENERAL EXPENSES**

Included in general expenses are the following:-

Advertisement	406 500
Art & Culture	214 970
Audit Committee Fees	205 629
Bank Charges	342 968
Capital Expenditure	-
Burial Aid	5 500
Business Plans & Hand - Over	15 869
Civic Receptions	67 053
Cleaning Services	121 891
Community Participation	485 010
Conferences and Workshops	3 860
Disability	26 700
Entertainment & Receptions	297 941
Event Organisation	6 900
Environmental Management Grant Expenditure	-
External Audit	2 438 481
Fuel & Oil	43 618
Hire of Plant	248 932
HIV AIDS Intervention	405 833
IDP Roadshows	444 941
Insurance	2 844 977
Internal Audit	956 539
Interview Expenses	29 752
LED Fund	139 297
Legal Fees	566 202
Levies/Membership Fees	10 500
Licences	176 135
Mayoral Discretionary Fund	48 182
Medical Examinations	-
Old Age Pensioners	121 367
Operation Turn Around	881 706
Postal Services	7 763
Printing and Stationery	293 648
Bad Debts Provision	38 231 905
Publicity	156 450
Purchase of Books	6 383
Small Tools	10 766
Rent Office	-
Sports DC27	1 025 256
Strategic Support	-
System Support Services	254 401
Teambuilding	16 000
Telephone	818 810
Tourism Information Centre	-
Training	195 846
Uniforms	186 750
Water Analysis	246 300
Youth Celebration	10 000
Other expenses	121 845
Grant Transfer Umhlosinga Development	-
	<u>53 139 376</u>

**31 CASH GENERATED BY OPERATIONS**

Surplus/(deficit) for the year	240 406 284
Adjustment for:-	
Depreciation and amortisation	47 604 949
Prior Year Adjustment	-
Other non-cash item	
Operating surplus before working capital changes:	<u>288 011 233</u>
(Increase)/ decreaseTrade and other receivables	5 849 343
(Increase)/ decreaseOther receivables	3 528 906
(Increase)/ decrease in Inventories	-
(Increase)/ decrease Investments	(1 604 654)
(Increase)/ decrease VAT receivable	(18 461 338)
Increase/ (decrease) in Trade and other payables	5 719 888
Increase/ (decrease) Consumer deposits	107 399
Increase/ (decrease)VAT payable	(1 743 545)
Increase/ (decrease) Current provisions	3 109 920

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
Increase/ (decrease) Current portion of unspent conditional grants and receipts	(33 442 283)
Increase/ (decrease) Other current financial liabilities	2 293 981
	<b>253 368 849</b>

**32 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	77 503 971
<b>Net cash and cash equivalents</b>	<b>77 503 971</b>

**34 CORRECTION OF ERROR**

During the year ended 30 June 2011 and previous years, assets and liabilities were incorrectly recognised: -

The comparative amount has been restated as follows:

Property rates	-
Bulk water purchases	-
Repairs and maintenance	-
Interest expenses	-
Security services	-
Contracted services	-
Water Sales	-
Advertising	-
Internal Audit	-
Printing and stationery	-
Interview expenses	-
Electricity Connections	-

Net effect on surplus/(deficit) for the year	-
--	---

Councillors and staff	-
Property rates debtors	-
Other receivables	-
Trade and other payables	-
Vat control	-
Finance Leases	-
Capital Work in Progress	-
Retentions	-
Deposits	-

Staff loans repayments misallocated  
Property rates incorrectly raised  
Water sales not accounted for in the prior year  
Expenses not accrued for in the previous financial period  
VAT on accruals not accounted for in the previous year  
Lease repayments and finance charges not accounted for  
Capital expenditure not accounted in the previous year  
Retentions released and not accounted for in the prior year.  
Deposits refunded to debtors in prior year and not accounted

Net effect on Statement of Financial Position	-
---	---

Net effect on Accumulated surplus opening balance	-
---	---

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**  
**35 DISALLOWED**

**35.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

	<b>2012</b>
	<b>R</b>
Opening balance	
Unauthorised expenditure current year	30 226 255
Approved by Council or condoned	
Transfer to receivables for recovery	
Unauthorised expenditure awaiting authorisation	
	<b>30 226 255</b>

**Incident**

Unauthorised expenditure was incurred as a result of over expenditure on the approved budget

**35.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -	1 086 000
Fruitless and wasteful expenditure current year	
Condoned or written off by Council	
To be recovered – contingent asset (see note 55)	170 407
Fruitless and wasteful expenditure awaiting condonement	
	<b>1 256 407</b>

**Incident**

Interest paid on late payments and on over due account

**Disciplinary steps/criminal proceedings**

No disciplinary steps have been taken

**35.3 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance	3 236 000
Irregular expenditure current year	25 727 160
Condoned or written off by Council	
Transfer to receivables for recovery – not condoned	2 185 254
Irregular expenditure awaiting condonement	
	<b>31 148 414</b>

**Incident**

Non-adherence to Supply Chain

**Disciplinary steps/criminal proceedings**

There are no action that have been taken

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE**

**36 MANAGEMENT ACT**

**36.1 Audit fees**

Opening balance	-
Current year audit fee	2 444 205
Amount paid - current year	(2 397 627)
Amount paid - previous years	
<b>Balance unpaid (included in payables)</b>	<b>46 578</b>

**36.2 Pension**

Opening balance	-
Current year audit fee	4 281 261
Amount paid - current year	(4 281 261)
Amount paid - previous years	
<b>Balance unpaid (included in payables)</b>	<b>-</b>

**36.3 Medical Aid**

Opening balance	-
Current year audit fee	1 897 731
Amount paid - current year	(1 897 731)
Amount paid - previous years	
<b>Balance unpaid (included in payables)</b>	<b>-</b>

**36.4 PAYE**

Opening balance	-
Current year audit fee	7 762 132
Amount paid - current year	(7 762 132)
Amount paid - previous years	
<b>Balance unpaid (included in payables)</b>	<b>-</b>

**36.5 UIF**

Opening balance	-
Current year audit fee	295 012
Amount paid - current year	(295 012)
Amount paid - previous years	
<b>Balance unpaid (included in payables)</b>	<b>-</b>

**36.2 VAT**

VAT input receivables and VAT output payables are shown in note 10. All VAT returns have been submitted by the due date throughout the year.

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**36.4 Non-Compliance with Chapter 11 of the Municipal Finance Management Act**

The Municipality is in the process of developing a supply chain management policy

**37 CAPITAL COMMITMENTS**

**37.1 Commitments in respect of capital expenditure**

**- Approved and contracted for**

Infrastructure  
Community  
Heritage  
Other

**191 206 923**

191 206 923	-
-	-
-	-

**- Approved but not yet contracted for**

Infrastructure  
Community  
Heritage

-

-	-
-	-
-	-

Other

-

**Total**

191 206 923

This expenditure will be financed from:

- Government Grants (MIG)

191 206 923

191 206 923

These commitments include commitments for outer years

**38.2 Operating leases**

At the reporting date the entity has outstanding commitments under operating lease which fall due as follows:

**Operating leases - lessee**

Within one year  
In the second to fifth year inclusive  
After five years

146 415

624 175

**Total**

770 591

Total future minimum sublease payment expected to be received under non-cancellable sublease

Operating Leases consists of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office equipment. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years.

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

**2012**  
**R**

**38 RETIREMENT BENEFIT INFORMATION**

**39.1 Defined contribution plan**

The municipality contributes to the Municipal Joint Pension Fund. These contributions have been expensed amounted to

**39 CONTINGENT LIABILITY**

**40.1 Claim for non payment of invoices for services rendered**

3 383 759

The Municipality is being sued by service providers for non payment for services rendered

**40.2 Claim on Insurance Excess**

154 672

The municipality is due for an excess amount of R154 672 on the municipal building that was destroyed during the fire accident

**41 RELATED PARTIES**

Subsidiary (100% Ownership)

*Umhlosinga Develop  
wholly owned by uMk  
Municipality*

Included in General Expenditure are the following expenses:

**Transfers paid to Umhlosinga Development Agency**

-

**Expenses paid on behalf of Umhlosinga Development Agency:**

*Telephone Costs paid on behalf of Umhlosinga Development Agency*

101 701

*Salaries - staff seconded to Umhlosinga Development Agency by Umkhanyakude District Municipality*

443 660

545 361

**42 EVENTS AFTER THE REPORTING DATE**

There were no adjusting and non adjusting events that occurred after the reporting date.

**43 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS**

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment  
Recoverable amounts of property, plant and equipment  
Provision for doubtful debts  
Impairment of assets  
Other

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the municipality's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets  
Provisions  
Other

**44 RISK MANAGEMENT**

**44.1 Maximum credit risk exposure**

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. The investments are diversified among the reputable commercial banks.

The consumer debtors are settled on a monthly basis. Upon the new connections the consumers paid deposit in advance.

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2012

2012  
R

**44.2 Liquidity risk**

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

**44.3 Interest rate risk**

The municipality's interest rate risk arises from long-term borrowings from DBSA.

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

- Call deposits
- Notice deposits
- Loan from Development Bank of South Africa

**45 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1) and E(2)

2011  
R

(45 298 031)  
(713 898)  
**(46 011 929)**

(788 332)  
(788 332)

(1 743 545)

-

-

2011  
R

(1 432 823)  
-  
(3 310 649)  
(1 103 236)  
**(5 846 708)**

Total

**(5 846 708)**  
**(5 645 979)**  
**2 536 059**  
**(8 956 628)**

(4 229 430)  
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**Community  
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144 907  
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**UMKHANYAKUDE DISTRICT MUNICIPALITY**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS**

as at 30 June 2012

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30	Received	Redeemed /	Balance at 30	Carrying Value	Other Costs in
			June 2011	during the	written off	June 2012	of Property, Plant & Equipment	accordance with MFMA
			R	R	R	R	R	R
<b>LONG-TERM LOANS</b>								
Stock Loan @ x% 2								
Stock Loan @ x% 3								
Stock Loan @ x% 4								
Stock Loan @ x% 5								
Stock Loan @ x% 6								
Stock Loan @ x% 7								
Stock Loan @ x% 8								
<b>Total long-term loans</b>								
<b>ANNUITY LOAN</b>								
Sanlam @ x%								
<b>GOVERNMENT LOANS</b>								
DBSA -D6100191 @ 6,76%	61 000 191	31/03/2025	100			100		
DBSA -D6100800 @6,75%	61 000 800	30/09/2025	10 690 650	739 674	(1 502 604)	9 927 720		
DBSA- D61002406	61 002 406	30/06/2009	1 534 663	100 049	(164 901)	1 469 810		
<b>Total Government Loans</b>			4 480	36	(4 616)			
<b>TOTAL EXTERNAL LOANS</b>			<b>12 229 893</b>	<b>839 759</b>	<b>(1 672 122)</b>	<b>11 397 630</b>		

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R			
<b>Land</b>													
Land	24 041 800	-	-	-	24 041 800	(2 505 931)	(738 427)	-	-	(3 244 358)	-	-	20 797 442
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	24 041 800	-	-	-	24 041 800	(2 505 931)	(738 427)	-	-	(3 244 358)	-	-	20 797 442
<b>Buildings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>													
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	1 059 002 893	-	-	-	1 059 002 893	(201 973 007)	(44 728 602)	-	-	(246 701 609)	-	-	812 301 284
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	226 438 145	70 124 405	-	-	296 562 550	-	-	-	-	-	-	-	296 562 550
	1 285 441 038	70 124 405	-	-	1 355 565 443	(201 973 007)	(44 728 602)	-	-	(246 701 609)	-	-	1 108 863 834
<b>Community Assets</b>													
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	12 251 944	-	-	-	12 251 944	(401 385)	-	-	-	(401 385)	-	-	11 850 559
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-
	12 251 944	-	-	-	12 251 944	(401 385)	-	-	-	(401 385)	-	-	11 850 559
<b>Heritage Assets</b>													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	1 321 734 782	70 124 405	-	-	1 391 859 187	(204 880 323)	(45 467 028)	-	-	(250 347 351)	-	-	1 141 511 836

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	1 321 734 782	70 124 405	-	-	1 391 859 187	(204 880 323)	(45 467 028)	-	-	(250 347 351)	-	-	1 141 511 836
<b>Other Assets</b>													
Office Equipment	4 807 962	347 594	-	-	5 155 556	(3 583 312)	(324 612)	-	-	(3 907 924)	-	-	1 247 632
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	32 395	-	-	-	32 395	(7 323)	-	-	-	(7 323)	-	-	25 072
Motor vehicles	14 034 094	352 727	-	-	14 386 821	(11 562 624)	(1 308 540)	-	-	(12 871 165)	-	-	1 515 656
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4 489 791	622 850	-	-	5 112 641	(2 641 440)	(109 450)	-	-	(2 750 890)	-	-	2 361 751
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 229 084	138 975	-	-	1 368 059	(2 272 058)	(395 319)	-	-	(2 667 376)	-	-	(1 299 317)
	24 593 326	1 462 146	-	-	26 055 472	(20 066 757)	(2 137 921)	-	-	(22 204 678)	-	-	3 850 794
<b>Finance Lease Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 346 328 108</b>	<b>71 586 551</b>	<b>-</b>	<b>-</b>	<b>1 417 914 659</b>	<b>(224 947 079)</b>	<b>(47 604 949)</b>	<b>-</b>	<b>-</b>	<b>(272 552 028)</b>	<b>-</b>	<b>-</b>	<b>1 145 362 630</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance				
	R	R	R	R	R	R	R	R	R	R				
<b>Land</b>														
Land	24 041 800	-	-	-	24 041 800	(2 505 931)	-	-	-	(2 505 931)	-	-	-	21 535 869
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	24 041 800	-	-	-	24 041 800	(2 505 931)	-	-	-	(2 505 931)	-	-	-	21 535 869
<b>Buildings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>														
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage Mains & Purification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Mains	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load Equip	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	1 059 002 893	-	-	-	1 059 002 893	(201 973 007)	-	-	-	(201 973 007)	-	-	-	857 029 886
Reservoirs – Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	181 598 039	44 840 106	-	-	226 438 145	-	-	-	-	-	-	-	-	226 438 145
	1 240 600 932	44 840 106	-	-	1 285 441 038	(201 973 007)	-	-	-	(201 973 007)	-	-	-	1 083 468 031
<b>Community Assets</b>														
Parks & Gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Civic Buildings	12 251 944	-	-	-	12 251 944	(401 385)	-	-	-	(401 385)	-	-	-	11 850 559
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Halls	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Theatre	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	12 251 944	-	-	-	12 251 944	(401 385)	-	-	-	(401 385)	-	-	-	11 850 559
<b>Heritage Assets</b>														
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	1 276 894 676	44 840 106	-	-	1 321 734 782	(204 880 323)	-	-	-	(204 880 323)	-	-	-	1 116 854 459

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	1 276 894 676	44 840 106	-	-	1 321 734 782	(204 880 323)	-	-	-	(204 880 323)	-	-	1 116 854 459
<b>Other Assets</b>													
Office Equipment	4 807 962	-	-	-	4 807 962	(3 583 312)	-	-	-	(3 583 312)	-	-	1 224 650
Furniture & Fittings	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	32 395	-	-	-	32 395	(7 323)	-	-	-	(7 323)	-	-	25 072
Motor vehicles	14 034 094	-	-	-	14 034 094	(11 562 624)	-	-	-	(11 562 624)	-	-	2 471 470
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	4 489 791	-	-	-	4 489 791	(2 641 440)	-	-	-	(2 641 440)	-	-	1 848 351
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 229 084	-	-	-	1 229 084	(2 272 058)	-	-	-	(2 272 058)	-	-	(1 042 974)
	24 593 326	-	-	-	24 593 326	(20 066 757)	-	-	-	(20 066 757)	-	-	4 526 569
<b>Finance Lease Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 301 488 002</b>	<b>44 840 106</b>	<b>-</b>	<b>-</b>	<b>1 346 328 108</b>	<b>(224 947 079)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(224 947 079)</b>	<b>-</b>	<b>-</b>	<b>1 121 381 028</b>

**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council					-	4 664 772	1 006 546		5 671 318	(5 671 318)
Finance & Admin					-	3 143 046	200 467		3 343 513	(3 343 513)
Planning & Development	1 226 346 312	208 892 608		3 835 387	1 431 403 532	681 795	45 508		727 303	1 430 676 229
Corporate Services					-	5 027 724	376 387		5 404 111	(5 404 111)
Community & Social Services	118 064 468	1 414 617			119 479 085	1 246 807	40 392		1 287 199	118 191 887
Public Safety					-				-	-
Sport & Recreation					-				-	-
Environmental Protection					-				-	-
Waste Management					-				-	-
Road Transport					-				-	-
Water	1 825 495		(134 793 455)		(132 967 960)	210 182 935	45 928 509		256 111 443	(389 079 403)
Electricity					-				-	-
Other					-		7 141		7 141	(7 141)
<b>Total</b>	<b>1 346 236 275</b>	<b>210 307 225</b>	<b>(134 793 455)</b>	<b>3 835 387</b>	<b>1 417 914 658</b>	<b>224 947 079</b>	<b>47 604 949</b>	<b>-</b>	<b>272 552 028</b>	<b>1 145 362 630</b>



**UMKHANYAKUDE DISTRICT MUNICIPALITY**  
**APPENDIX E**  
**STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION**  
as at 30 June 2012

Description	Original Budget	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA)	Virement (i.t.o. Council Approved By-law)	Final Budget	Actual Income	Unauthorised Expenditure	Variance	Actual Income As % Of Final Budget	Actual Outcome As % Of Original Budget
	1	2	3	4	5	6	7	8	9
	R	R	R	R	R	R	R	R	R
<b>Financial Performance</b>									
Property Rates	667 275	958 000	0	958 000	-	-	-958 000	-	-
Service Charges	28 402 219	45 106 393	0	45 106 393	45 792 525	-	686 132	102	161
Investment Revenue	1 500 000	2 300 000	0	2 300 000	11 144 388	-	8 844 388	485	743
Transfers Recognised - Operational	175 764 000	175 449 900	0	175 449 900	430 831 130	-	255 381 230	246	245
Other Own Revenue	281 000	5 489 084	0	5 489 084	5 460 458	-	-28 626	99	1 943
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	<b>206 614 495</b>	<b>229 303 377</b>	<b>0</b>	<b>229 303 377</b>	<b>493 228 501</b>	<b>-</b>	<b>263 925 124</b>	<b>931</b>	<b>3 093</b>
Employee Costs	61 393 895	59 308 116	0	59 308 116	62 795 378	-	3 487 262	106	102
Remuneration Of Councillors	7 377 028	4 223 106	0	4 223 106	2 556 152	-	-1 666 954	61	35
Debt Impairment	16 182 641	29 817 251	0	29 817 251	-	-	-29 817 251	-	-
Depreciation & Asset Impairment	1 180 923	1 180 923	0	1 180 923	47 604 949	-	46 424 026	4 031	4 031
Finance Charges	1 676 692	1 676 692	0	1 676 692	1 223 853	-	-452 839	73	73
Materials & Bulk Purchases	24 686 695	64 181 695	0	64 181 695	55 919 935	-	-8 261 760	87	227
Transfers & Grants	2 324 000	10 100 153	0	10 100 153	5 581 711	-	-4 518 441	55	240
Other Expenditures	107 975 000	58 575 367	0	58 575 367	77 140 239	30 226 255	18 564 872	132	71
<b>Total Expenditure</b>	<b>222 796 874</b>	<b>229 063 302</b>	<b>0</b>	<b>229 063 302</b>	<b>252 822 218</b>	<b>30 226 255</b>	<b>23 758 916</b>	<b>4 545</b>	<b>4 779</b>
<b>Surplus/(Deficit)</b>	<b>-16 182 380</b>	<b>240 075</b>	<b>0</b>	<b>240 075</b>	<b>240 406 284</b>	<b>-30 226 255</b>	<b>240 166 209</b>	<b>-3 614</b>	<b>-1 687</b>
Transfers Recognised - Capital	183 315 000	183 315 000	0	-	-	-	-	-	-
Contributions Recognised - Capital & Contributed Assets	-	-	0	-	-	-	-	-	-
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	<b>167 132 620</b>	<b>183 555 075</b>	<b>0</b>	<b>240 075</b>	<b>240 406 284</b>	<b>-30 226 255</b>	<b>240 166 209</b>	<b>-3 614</b>	<b>-1 687</b>
Share Of Surplus/(Deficit) Of Associate	-	-	0	-	-	-	-	-	-
<b>Surplus/(Deficit For The Year)</b>	<b>167 132 620</b>	<b>183 555 075</b>	<b>0</b>	<b>240 075</b>	<b>240 406 284</b>	<b>-30 226 255</b>	<b>240 166 209</b>	<b>-3 614</b>	<b>-1 687</b>
<b>Capital Expenditure &amp; Funds Sources</b>									
<b>Capital Expenditure</b>									
Transfers Recognised - Capital	183 315 000	183 315 000	0	183 315 000	430 831 130	0	247 516 130	235	235
Public Contributions & Donations	0	0	0	0	0	0	-	-	-
Borrowing	0	0	0	0	0	0	-	-	-
Internally Generated Funds	23 299 495	23 299 495	0	0	62 397 371	0	62 397 371	-	268
<b>Total Sources Of Capital Funds</b>	<b>206 614 495</b>	<b>206 614 495</b>	<b>0</b>	<b>183 315 000</b>	<b>493 228 501</b>	<b>0</b>	<b>309 913 501</b>	<b>235</b>	<b>503</b>
<b>Cash flows</b>									
Net Cash From (Used) Operating	191 113 000	191 113 000	0	191 113 000	253 368 850	0	62 255 850	133	133
Net Cash From (Used) Investing	24 000	24 000	0	24 000	-180 330 593	0	-180 354 593	-751 377	-751 377
Net Cash From (Used) Financing	-1 306 000	-1 306 000	0	-1 306 000	-832 160	0	473 840	64	64
<b>Cash/Cash Equivalents At The Year End</b>	<b>189 831 000</b>	<b>189 831 000</b>	<b>0</b>	<b>189 831 000</b>	<b>72 206 097</b>	<b>0</b>	<b>-117 624 903</b>	<b>-751 181</b>	<b>-751 181</b>

**RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS**

Reconciliation Of Budget Surplus/Deficit With The Surplus/Deficit In The Statement Of Financial Performance	
Net Surplus/Deficit Per The Statement Of Financial Performance	240 406 284
Adjusted For:	
Fair Value Adjustments	0
Impairments Recognised/Reversed	0
Surplus/Deficit On The Sale Of Assets	0
Increases/Decreases In Provisions	0
List other relevant adjustments here	0
<b>Net Surplus/Deficit Per Approved Budget</b>	<b>167 132 620</b>