Mkhambathini Municipality
Annual Financial Statements
for the year ended June 30, 2013

General Information

Legal form of entity	Municipality
Executive committee	
Mayor	Cllr. T.E. Maphumulo (Mayor)
	Cllr.C.T. Mkhize (Deputy Mayor)
	Cllr. E. Ngcongo (Speaker)
Councillors	Cllr. T.A. Gwala
	Cllr. M. Nene
	Cllr. M.R. Ntuli
	Cllr. F.P. Msomi
	Cllr. M.M. Lembethe
	Cllr. N. Zondo
	Cllr. R.N. Lembethe
	Cllr.M.A. Ngcongo
	Cllr. M.M.M. Magubane
	Cllr. H.S. Mtetwa
Accounting Officer	Mr. D.A. Pillay
	031 785 9370
Chief Finance Officer (CFO)	Mrs. P.R. Mthiyane (Acting)
	031 785 9320
Business address	18 Old Main Road
	Camperdown
	3720
Postal address	Private Bag X04
	Camperdown
	3720
Auditors	Auditor-General
Name of Account Holder	Mkhambathini Municipality
Bank	Standard Bank
Account Number	052 1499 78

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The reports and statements set out below comprise the Annual Financial Statements presented to the Council:

Abbreviations

GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The accounting officer has reviewed the municipality’s cash flow forecast for the year to June 30, 2014 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 35 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August, 2013 and were signed on its behalf by:

Devan Pillay
Accounting Officer

Accounting Officer's Report

The accounting officer submits his report for the year ended June 30, 2013.

1. Subsequent events

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

2. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Devan Pillay	South African

Statement of Financial Position as at June 30, 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Current Assets			
Receivables from exchange transactions	6	556,177	596,750
VAT receivable	7	2,047,079	594,247
Consumer debtors	8	2,895,113	1,712,934
Cash and cash equivalents	9	18,263,453	10,831,927
		23,761,822	**13,735,858**
Non-Current Assets			
Investment property	3	1,158,000	1,158,000
Property, plant and equipment	4	65,747,739	56,928,426
		66,905,739	**58,086,426**
Total Assets		**90,667,561**	**71,822,284**
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	2,889,802	2,124,685
Unspent conditional grants and receipts	11	9,946,577	5,945,848
Provisions	12	1,196,014	822,413
		14,032,393	**8,892,946**
Total Liabilities		**14,032,393**	**8,892,946**
Net Assets		**76,635,168**	**62,929,338**
Net Assets			
Revaluation reserve	10	14,329,907	14,986,809
Accumulated surplus		62,305,261	47,942,529
Total Net Assets		**76,635,168**	**62,929,338**

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Licences and permits		3,182,723	2,580,691
Commissions received		8,656	4,857
Other income	16	361,844	286,602
Interest received		1,079,886	754,332
Property rates	14	6,722,465	4,880,515
Government grants & subsidies	15	46,451,280	41,641,983
Fines		34,300	66,270
Total revenue		**57,841,154**	**50,215,250**
Expenditure			
Employee Related Cost	18	(17,523,672)	(15,269,888)
Remuneration of councillors	19	(3,869,385)	(3,643,027)
Depreciation and amortisation		(3,084,589)	(4,792,315)
Impairment loss/ Reversal of impairments		(31,093)	-
Finance costs		(106,983)	(148,948)
Debt impairment		(601,568)	(835,572)
Collection costs		(173,724)	-
Repairs and maintenance		(1,040,825)	(696,716)
Contracted services		(286,173)	(42,082)
Grants and subsidies paid		(6,916,353)	(8,385,833)
General Expenses	17	(10,512,289)	(6,641,687)
Total expenditure		**(44,146,654)**	**(40,456,068)**
Operating surplus		**13,694,500**	**9,759,182**
Gain on disposal of assets and liabilities		-	4,507
Surplus for the year		**13,694,500**	**9,763,689**

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	15,652,956	38,181,860	53,834,816
Adjustments			
Correction of errors	-	(3,020)	(3,020)
Balance at July 01, 2011 as restated	**15,652,956**	**38,178,840**	**53,831,796**
Changes in net assets			
Surplus for the year	-	9,763,689	9,763,689
Revaluation	(666,147)	-	(666,147)
Total changes	(666,147)	9,763,689	9,097,542
Opening balance as previously reported	14,986,809	48,040,541	63,027,350
Adjustments			
Prior year error	-	570,220	570,220
Balance at July 01, 2012 as restated	**14,986,809**	**48,610,761**	**63,597,570**
Changes in net assets			
Surplus for the year	-	13,694,500	13,694,500
Adjustments	(656,902)	-	(656,902)
Total changes	(656,902)	13,694,500	13,037,598
Balance at June 30, 2013	**14,329,907**	**62,305,261**	**76,635,168**

Cash Flow Statement

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Receipts			
Taxation		7,345,384	4,505,246
Sale of goods and services		11,279,646	28,141,420
Grants		39,778,964	20,279,846
Interest Recieved - Investment		1,079,886	754,332
		59,483,880	53,680,844
Payments			
Employee costs		(17,523,672)	(18,235,736)
Cash paid to suppliers		(22,498,041)	(17,002,135)
Finance costs		(106,983)	(44,640)
		(40,128,696)	(35,282,511)
Net cash flows from operating activities	22	**19,355,184**	**18,398,333**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(11,933,661)	(11,820,276)
Proceeds from sale of property, plant and equipment	4	-	199,047
Other cash item		8,660	-
Net cash flows from investing activities		**(11,925,001)**	**(11,621,229)**
Cash flows from financing activities			
Proceeds from other financial liabilities		-	(150,807)
Repayment of other financial liabilities		-	62,449
Other cash item		1,343	-
Net cash flows from financing activities		**1,343**	**(88,360)**
Net increase/(decrease) in cash and cash equivalents		**7,431,526**	**6,688,744**
Cash and cash equivalents at the beginning of the year		10,831,927	4,143,181
Cash and cash equivalents at the end of the year	9	**18,263,453**	**10,831,925**

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Licences and permits	2,800,000	-	**2,800,000**	3,182,723	**382,723**	
Commissions received	-	-	**-**	8,656	**8,656**	
Other income - (rollup)	209,400	-	**209,400**	361,844	**152,444**	
Interest received	570,000	-	**570,000**	1,079,886	**509,886**	
Total revenue from exchange transactions	**3,579,400**	**-**	**3,579,400**	**4,633,109**	**1,053,709**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	6,394,175	-	**6,394,175**	6,722,465	**328,290**	
Government grants & subsidies	37,736,000	-	**37,736,000**	46,451,280	**8,715,280**	
Transfer revenue						
Fines	80,000	-	**80,000**	34,300	**(45,700)**	
Total revenue from non-exchange transactions	**44,210,175**	**-**	**44,210,175**	**53,208,045**	**8,997,870**	
Total revenue	**47,789,575**	**-**	**47,789,575**	**57,841,154**	**10,051,579**	
Expenditure						
Personnel	(13,877,881)	-	**(13,877,881)**	(17,523,672)	**(3,645,791)**	
Remuneration of councillors	(3,868,475)	-	**(3,868,475)**	(3,869,385)	**(910)**	
Depreciation and amortisation	-	-	**-**	3,084,589	**3,084,589**	
Impairment loss/ Reversal of impairments	(2,110,000)	-	**(2,110,000)**	(31,093)	**2,078,907**	
Finance costs	(80,000)	-	**(80,000)**	(106,983)	**(26,983)**	
Debt impairment	-	-	**-**	(601,568)	**(601,568)**	
Collection costs	(200,000)	-	**(200,000)**	(173,724)	**26,276**	
Repairs and maintenance	(2,365,000)	-	**(2,365,000)**	(1,040,825)	**1,324,175**	
Contracted Services	-	-	**-**	(286,173)	**(286,173)**	
Grants and subsidies - Operational	(20,942,000)	-	**(20,942,000)**	(6,916,353)	**14,025,647**	
General Expenses	(7,005,709)	-	**(7,005,709)**	(16,681,467)	**(9,675,758)**	
Total expenditure	**(50,449,065)**	**-**	**(50,449,065)**	**(44,146,654)**	**6,302,411**	
Operating surplus	**(2,659,490)**	**-**	**(2,659,490)**	**13,694,500**	**16,353,990**	
Gain on disposal of assets and liabilities	278,000	-	**278,000**	-	**(278,000)**	
Surplus before taxation	**(2,381,490)**	**-**	**(2,381,490)**	**13,694,500**	**16,075,990**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**(2,381,490)**	**-**	**(2,381,490)**	**13,694,500**	**16,075,990**	

Mkhambathini Municipality

Annual Financial Statements for the year ended June 30, 2013

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	-	-	**-**	556,177	**556,177**	
VAT receivable	-	-	**-**	2,047,079	**2,047,079**	
Consumer debtors	-	-	**-**	2,895,113	**2,895,113**	
Cash and cash equivalents	120,000	-	**120,000**	18,263,453	**18,143,453**	
	120,000	**-**	**120,000**	**23,761,822**	**23,641,822**	
Non-Current Assets						
Investment property	-	-	**-**	1,158,000	**1,158,000**	
Property, plant and equipment	-	-	**-**	65,747,739	**65,747,739**	
	-	**-**	**-**	**66,905,739**	**66,905,739**	
Total Assets	**120,000**	**-**	**120,000**	**90,667,561**	**90,547,561**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	-	-	**-**	2,889,793	**2,889,793**	
Unspent conditional grants and receipts	-	-	**-**	9,946,577	**9,946,577**	
Provisions	-	-	**-**	1,196,014	**1,196,014**	
	-	**-**	**-**	**14,032,384**	**14,032,384**	
Total Liabilities	**-**	**-**	**-**	**14,032,384**	**14,032,384**	
Net Assets	**120,000**	**-**	**120,000**	**76,635,177**	**76,515,177**	
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Revaluation reserve	(4,597,607)	-	**(4,597,607)**	14,329,907	**18,927,514**	
Accumulated surplus	4,717,607	-	**4,717,607**	62,305,270	**57,587,663**	
Total Net Assets	**120,000**	**-**	**120,000**	**76,635,177**	**76,515,177**	

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:
- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of business, are as follows:

1.2 Significant judgements and sources of estimation uncertainty

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

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

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

1.3 Property, plant and equipment (continued)

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.

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

Property, plant and equipment, is stated at cost less accumulated depreciation,except land,which is revalued as indicated below.Land is not depreciated as it is deemed to have an indefinite life.Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets.The annual depreciation rates are based on the following estimated asset lives, which lives are reviewed annually:

Item	Years
Buildings	
• Building	30-40
Plant and machinery	
• Brushcurtters and lawn Mowers	3-15
• Tractors	10-20
• Guardrails	15
• Other	3-15
Furniture and fixtures	
• Chairs and Sofas	5-15
• Bookshelves and Cabinet	7-15
• Desk and Tables	7-15
Motor vehicles	
• Motor Vehicles	5-10
Office equipment	
• Printers	3-7
• Cameras	3-7
• Video Cameras	3-7
• Airconditioners	3-7
• Other	3-7
IT equipment	
• Laptop	3-7
• Desktop	3-7
• Central Processing Unit	3-7
• Monitors	3-7
Infrastructure	
• Roads and Paving	10-30
• Stormwaters	20-25
Community	
• Building	20
• Swimming Pool	20
• Sportfields	20
• Shelters	10-15
Security Measures	
• Walls	30
• Gates and Fencing	10-15
Bins and containers	
• Parkhomes	10-15

The gain or loss arising on the disposal or retirement of an item of property,plant and equipment is determined as the difference between the sales proceeds and carrying valueand is recognised in the Statement of Financial Performance.

- Review of depreciation method applied to property, plant and equipment is done annually.
- Testing for impairment of property, plant and equipment is done annually.

Revaluation of land

Land is stated at the values reflected in the valuation roll. The effective date of the last revaluation was 1 March 2009. The valuation of land was performed by the Municipal Valuer.

Accounting Policies

1.3 Property, plant and equipment (continued)

Work in progress

Work in progress is carried under Property, Plant and Equipment at cost .Work in Progress is initially recognised at cost.Subsequent to recognition. Work in progress is carried using the cost model,however ,no depreciation is calculated on work in Progress. Projects are transfered from Work in Progress to the respective assets category when completed,and only then depreciation will commence.

The Balance of unrecognised amount of capital Work in Progress compared to the contraced full price is disclosed as capital commitment.

1.4 Financial instruments

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other receivables are classified as loans and receivables.

An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

Cash and cash equivalents

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

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

Bank 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.

1.5 Tax

Normal tax expense

No provision has been made for taxation as the municipality is exempt from taxation in terms of section 10 (1) (A) or the Income Tax Act.

Value Added Tax (VAT):

The municipality accounts for VAT on the accrued basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value- added tax on the payments basis for debtors and creditors.

Accounting Policies

1.6 Impairment of cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

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

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

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

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

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

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

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

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

Criteria developed by the municipality to distinguish cash-generating assets from non-cash-generating assets are as follow:

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating 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 test a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

1.6 Impairment of cash-generating assets (continued)

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Recognition and measurement (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.6 Impairment of cash-generating assets (continued)

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.6 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.7 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

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

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

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

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

1.7 Impairment of non-cash-generating assets (continued)

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

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

Recoverable service amount is the higher of a non-cash-generating asset’s fair value less costs to sell and its value in use.

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

Criteria developed by the municipality to distinguish non-cash-generating assets from cash-generating assets are as follow:

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset’s gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an “optimised” basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

1.7 Impairment of non-cash-generating assets (continued)

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset’s recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

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

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.8 Employee benefits

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

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

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

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

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

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

1.8 Employee benefits (continued)

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

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

Contribution to the Natal Joint Provident Fund (NJF) and are made as follows.
Current
Provident 1 - 30 Members - 5 % Council - 9 %
Provident 2 -7 Members - 7% Council - 18.04%
Provident 3-2 Members - 9.25 % Council 18.04 %
Retirement
2
Members - 7% Council - 13.65%
Superannuation
32 Members -
9.25% Council - 25 %

1.9 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.

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

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

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

1.9 Provisions and contingencies (continued)

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

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

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

1.10 Revenue Recognition

Revenue was recognised at cost, and no interest was recognised as a result of any time value of money adjustments.

Measurement

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

Revenue from Exchange Transaction

Interest and rentals are recognised on a time proportion basis.Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariffs by Council.This includes the Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified.The income recognised is in terms of the agency agreement. Revenue from the sale of goods is recognised when the risk is passed to the consumer. Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property,plant and equipment, when such items of property, plant and equipment are brought into use. Where public contributions have been received but the Municipality has not met the condition, a liability is recognised.

Revenue from non-exchange transaction

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises.Collection charges are recognised when such amounts are legally enforceable.Penalty interest on unpaid rates is recognised on the time proportion basis.Donations are recognised on a cash receipt basis or where the donation is in the form of property,plant and equipment when such items of property,plant and equipment are brought into use.Contributed property, plant and equipment is recognised when such items of property,plant and equipment are brought into use.Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Fines constitute both spot fines and summons. Revenue from spot fines and summons is recognised when payment is received.There's uncertainty regarding full recoverability of outstanding fines and summons. Spot fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect to summon, the Public Prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender.

Accounting Policies

1.11 Borrowing costs

1.12 Comparative information

Prior year comparatives:

When the presentation or classification of items in the annual financial statements is amended,prior period comparative amounts are reclassified. The nature and reason for the reclassification prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

1.13 Unauthorised expenditure

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

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

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

1.16 Presentation of currency

These annual financial statements are presented in South African Rand.

1.17 Revaluation reserve

The surplus arising from the revaluation of land is credited to a non-distributable reserve. On disposal, the net revaluation surplus is transferred to accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts,are credited or charged to the Statement of Financial Performance.

1.18 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.

1.19 Presentation of budget information

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

Accounting Policies

1.19 Presentation of budget information (continued)

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

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2012 to 6/30/2013.

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

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

1.20 Related parties

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

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

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

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 23: Revenue from Non-exchange Transactions	April 01, 2012	Immediate
• GRAP 26: Impairment of cash-generating assets	April 01, 2012	Immediate
• GRAP 104: Financial Instruments	April 01, 2012	Immediate

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after July 01, 2013 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	April 01, 2013	2014 Financial Year
• GRAP 25: Employee benefits	April 01, 2013	2014 Financial Year
• GRAP 105: Transfers of functions between entities under common control	April 01, 2014	2015 Financial Year
• GRAP 106: Transfers of functions between entities not under common control	April 01, 2014	2015 Financial Year
• GRAP 107: Mergers	April 01, 2014	2015 Financial Year
• GRAP 20: Related parties	April 01, 2013	2014 Financial Year
• IGRAP 11: Consolidation – Special purpose entities	April 01, 2014	2015 Financial Year
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 01, 2014	2015 Financial Year
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 01, 2014	2015 Financial Year
• GRAP 7 (as revised 2010): Investments in Associates	April 01, 2014	2015 Financial Year
• GRAP 8 (as revised 2010): Interests in Joint Ventures	April 01, 2014	2015 Financial Year
• GRAP 1 (as revised 2012): Presentation of Financial Statements	April 01, 2013	
• GRAP 3 (as revised 2012): Accounting Policies, Change in Accounting Estimates and Errors	April 01, 2013	
• GRAP 7 (as revised 2012): Investments in Associates	April 01, 2013	
• GRAP 9 (as revised 2012): Revenue from Exchange Transactions	April 01, 2013	
• GRAP 12 (as revised 2012): Inventories	April 01, 2013	
• GRAP 13 (as revised 2012): Leases	April 01, 2013	
• GRAP 16 (as revised 2012): Investment Property	April 01, 2013	
• GRAP 17 (as revised 2012): Property, Plant and Equipment	April 01, 2013	
• GRAP 27 (as revised 2012): Agriculture (Replaces GRAP 101)	April 01, 2013	
• GRAP 31 (as revised 2012): Intangible Assets (Replaces GRAP 102)	April 01, 2013	
• IGRAP16: Intangible assets website costs	April 01, 2013	
• IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue	April 01, 2013	

3. Investment property

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1,158,000	-	1,158,000	1,158,000	-	1,158,000

Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	1,158,000	1,158,000

Reconciliation of investment property - 2012

	Opening balance	Depreciation	Total
Investment property	1,668,000	(510,000)	1,158,000

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

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal are as follows:

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements is as follows:

In the exceptional cases when the municipality have to measure investment property using the cost model in the Standard of GRAP on Property, Plant and Equipment when the municipality subsequently uses the fair value measurement, disclose the following:

- a description of the investment property,
- an explanation of why fair value cannot be determined reliably,
- if possible, the range of estimates within which fair value is highly likely to lie, and
- on disposal of investment property not carried at fair value:
  - the fact that the entity has disposed of investment property not carried at fair value,
  - the carrying amount of that investment property at the time of sale, and
  - the amount of gain or loss recognised.

4. Property, plant and equipment

	2013			2012		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	9,415,368	(1,307,917)	8,107,451	8,381,501	(1,125,756)	7,255,745
Other Assets	4,822,026	(1,882,753)	2,939,273	4,370,437	(1,539,826)	2,830,611
Roads and Paving	31,228,159	(3,055,868)	28,172,291	26,805,647	(1,974,587)	24,831,060
Community Assets	30,095,160	(3,566,436)	26,528,724	24,201,398	(2,190,388)	22,011,010
Total	**75,560,713**	**(9,812,974)**	**65,747,739**	**63,758,983**	**(6,830,557)**	**56,928,426**

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Impairment reversal	Total
Buildings	7,255,745	1,033,866	(182,160)	-	8,107,451
Other Assets	2,830,611	583,522	(445,100)	(31,093)	2,937,940
Roads and Paving	24,831,060	4,422,512	(1,081,281)	-	28,172,291
Community Assets	22,011,011	5,893,761	(1,376,048)	-	26,528,724
	56,928,427	**11,933,661**	**(3,084,589)**	**(31,093)**	**65,746,406**

Reconciliation of property, plant and equipment restated - 2012

	Opening balance	Additions through entity combinations	Disposals	Transfers	Prior period error adjustments	Depreciation	Impairment loss	Total
Buildings	7,420,678	-	-	-	-	(164,933)	-	7,255,745
Furniture and fixtures	1,928,757	1,443,823	(194,540)	-	-	(347,429)	-	2,830,611
Raods and Paving	24,426,705	-	-	440,037	-	(35,682)	-	24,831,060
Other property, plant and equipment	3,757,551	8,080,980	-	(11,578,328)	(260,203)	-	-	-
Community Assets 30 Years	11,671,813	2,295,473	-	11,138,291	14,589	(1,795,490)	(1,313,666)	22,011,011
	49,205,504	**11,820,276**	**(194,540)**	**-**	**(245,614)**	**(2,343,534)**	**(1,313,666)**	**56,928,427**

All assets falling under category other assets as per accounting policy were reclassified to that category in the year ended 30 June 2012.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality. Land is stated at the values reflected in the valuation roll.

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

5. Employee benefit obligations

Compensation to accounting officer and other key management		
Post-employment benefits - Pension - Defined contribution plan	30,056	69,820

6. Receivables from exchange transactions

Payment In Advance	16,243	107,447
Other debtors	465,550	445,427
UMDM	74,384	43,876
	556,177	**596,750**

7. VAT receivable

VAT	2,047,079	594,247

8. Consumer debtors

Gross balances		
Rates	3,762,192	2,690,843
Less: Allowance for impairment		
Rates	(867,079)	(977,909)
Net balance		
Rates	2,895,113	1,712,934

Rates		
Current (0 -30 days)	300,225	168,070
30 days	246,227	106,775
60 days	244,257	152,551
90 days	225,244	189,711
120 days	243,727	136,585
150 days	205,014	151,585
180 days	2,297,498	1,785,566
Debtors Discounting	(265,511)	(265,511)
Provision for bad debts	(601,568)	(712,398)
	2,895,113	**1,712,934**

Reconciliation of allowance for impairment		
Balance at beginning of the year	(977,909)	-
Contributions to allowance	110,830	(977,909)
	(867,079)	**(977,909)**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

9. Cash and cash equivalents (continued)

Cash on hand /Float	371	401
Petty Cash	31	-
Standard Bank -Account number 052149978 - Current Account	517,872	285,472
Standard Bank -Account number 354264338 - Market Link	17,694,403	10,497,632
FNB - Account number 74104076952 - Bussiness Fixed Maturity Notice	50,776	48,422
	18,263,453	**10,831,927**

Standard Bank -Account number - 052149978 - Current Account
Standard Bank -Account number - 354264338 - Market Link
FNB - Account number - 74104076952 - Bussiness Fixed Maturity Notice

10. Revaluation reserve

Opening balance	14,986,809	15,652,956
Change during the year	(656,902)	(666,147)
	14,329,907	**14,986,809**

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
MIG	2,289,152	1,639,574
Municiapl systems improvement grant	18,770	-
MAP	278,802	278,802
Community development worker	11,225	11,225
Corridor development	205,999	205,999
Financial management grant	32,707	73,549
Housing grant	444,068	444,068
Lums grant	46,537	46,537
Soul buddies	10,464	11,160
Sport grant	133,905	135,107
Pound	104,776	980,000
Electrification Grant	6,370,172	2,119,827
	9,946,577	**5,945,848**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

11. Unspent conditional grants and receipts (continued)

Movement during the year

Municipal systems improvement grant		
Opening balance	-	263,086
Current year receipts	800,000	790,000
Conditions met - transfer to revenue	(781,230)	(1,053,086)
Conditions still to be met - transfer to liabilities	**18,770**	**-**
MAP		
Opening balance	278,802	364,432
Current year receipts	-	-
Conditions met - transfer to revenue	-	(85,630)
Conditions still to be met - transfer to liabilities	**278,802**	**278,802**
Community development workers		
Opening balance	11,225	11,225
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	**11,225**	**11,225**
Corridor development		
Opening balance	205,999	205,999
Financial management grant		
Opening balance	73,549	335,965
Current year receipts	1,500,000	1,500,000
Conditions met - transfer to revenue	(1,540,842)	(1,762,416)
Conditions still to be met - transfer to liabilities	**32,707**	**73,549**
Housing grant		
Opening balance	444,068	468,105
Current year receipts	-	510,811
Conditions met - transfer to revenue	-	(534,848)
Conditions still to be met - transfer to liabilities	**444,068**	**444,068**
Lums grant		
Opening balance	46,537	46,537
Current year receipts	-	-
Conditions met - transfer to revenue	-	-
Conditions still to be met - transfer to liabilities	**46,537**	**46,537**
Municipal infrastructure grant		
Opening balance	1,639,574	-
Current year receipts	12,442,000	10,258,000
Conditions met - transfer to revenue	(11,792,422)	(8,618,426)
Conditions still to be met - transfer to liabilities	**2,289,152**	**1,639,574**
Soul buddies		
Opening balance	11,160	11,460
Current year receipts	-	-
Conditions met - transfer to revenue	(696)	(300)
Conditions still to be met - transfer to liabilities	**10,464**	**11,160**

Figures in Rand	2013	2012

11. Unspent conditional grants and receipts (continued)

Sport grant		
Opening balance	135,107	443,167
Current year receipts	150,000	150,000
Conditions met - transfer to revenue	(151,202)	(458,060)
Conditions still to be met - transfer to liabilities	**133,905**	**135,107**
Pound Grant		
Opening balance	980,000	980,000
Conditions met - transfer to revenue	(875,224)	-
Conditions still to be met - transfer to liabilities	**104,776**	**980,000**
Electrification		
Opening balance	2,119,827	-
Current year receipts	7,000,000	7,000,000
Conditions met - transfer to revenue	(2,749,655)	(4,880,173)
Conditions still to be met - transfer to liabilities	**6,370,172**	**2,119,827**

The nature and extent of government grants recognised in the annual financial statements are indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

These amounts are invested in a ring-fenced investment until utilised.

Non-current liabilities	-	-
Current liabilities	9,946,577	5,945,848
	9,946,577	**5,945,848**

12. Provisions

Reconciliation of provisions - 2013

	Opening Balance	Increase/ (Decrease)	Total
Provision For Leave	822,413	373,601	1,196,014

Reconciliation of provisions - 2012

	Opening Balance	Increase/ (Decrease)	Total
Provision for leave pay	1,355,598	(533,185)	822,413

The Leave and Bad Debt provision represents management's best estimate of the municipality's liability under one period based on prior experience .

13. Payables from exchange transactions

Trade payables	1,204,881	269,452
Creditors	-	117,442
Other creditors	307,188	177,342
Retention	1,377,733	1,560,448
	2,889,802	**2,124,684**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

14. Property rates

Rates received

Commercial	7,873,619	6,851,744
Less: Income forgone	(1,151,154)	(1,971,229)
	6,722,465	**4,880,515**

15. Government grants and subsidies

Operating grants		
Equitable share	28,180,000	23,866,000
Library - Grant Income	300,800	247,894
DSD - (Social Development - Grant)	-	64,414
Electrification Grant	2,749,655	4,880,173
Financial Management Grant	1,540,841	1,762,416
Housing Grant	-	534,848
MAP Grant	-	85,630
MIG	11,792,422	8,618,426
MSIG	781,229	1,053,086
Sports Grant	151,201	458,061
LGSETA	79,212	71,035
Pound Grant	875,224	-
Soul buddies	696	-
	46,451,280	41,641,983
	46,451,280	**41,641,983**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

16. Other income

Library Income	8,920	5,458
Clearance Certificates	15,519	15,123
Subscription Library	166	312
Tender Fees	67,876	41,930
Building Plans	106,223	80,299
Other income	-	8,816
Decrease in provision for bad debts	110,830	-
Other Revenue	5,060	133,000
Hall hire	-	320
Library fees	2,338	1,344
Social Welfare	26,043	-
Application fee (Planning)	18,869	-
	361,844	**286,602**

Figures in Rand	2013	2012

17. General expenses

Stores and Materials	32,374	22,453
Advertising	181,180	114,812
Auditors Fees	1,437,910	864,234
Bank charges	-	104,308
Legal Expenses	168,202	206,569
Consumables	21,191	57,215
Valuation Fees	1,198,579	99,193
Discount allowed	-	315,440
Insurance	707,263	95,301
Community development and training	2,225,333	868,048
Conferences and seminars	143,073	84,496
IT expenses	310,799	275,238
Lease rentals on operating lease	70,704	89,757
Levies	400,000	104,052
Licence Renewal	11,649	15,876
Disaster Management	240,795	59,757
Fuel and oil	488,842	519,448
Postage and courier	37,411	23,163
Printing and stationery	179,320	305,676
Protective clothing	64,163	98,686
Security (Guarding of municipal property)	54,946	59,883
Telephone and fax	499,922	302,479
Training	378,450	414,451
Subsistence and travelling	30,714	32,855
Waste Management	11,910	119,307
Electricity	687,615	511,813
Uniforms	7,500	-
Tourism development	60,490	42,399
Art and Culture	202,985	201,854
Building Control	49,887	82,567
Sport and Recreation	473,278	-
Civic and Hospitality	131,273	141,573
Administration Expenses	4,531	-
Chemicals	-	181,191
Miscellaneous expenses	-	103,901
Stipend - Ward Councillors	-	228,000
	10,512,289	**6,745,995**

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

18. Employee related costs

Basic	11,184,375	10,449,193
Bonus	881,908	616,452
Medical aid - company contributions	607,455	541,990
UIF	105,518	230,645
WCA	-	6,844
SDL	144,972	132,295
Leave pay provision charge	899,129	677,179
Cell Phone Allowances	27,546	44,800
Post-employment benefits - Pension - Defined contribution plan	1,836,073	1,584,244
Travel, motor car, accommodation, subsistence and other allowances	133,160	252,000
Overtime payments	734,710	621,450
Acting allowances	118,065	37,064
Housing benefits and allowances	34,666	69,820
Bargaining Council Contributions	5,511	5,912
Stipend - Ward Committee	810,584	-
	17,523,672	**15,269,888**

Remuneration of municipal manager

Annual Remuneration	288,000	696,642
Travel Allowance	36,000	36,000
Back Pay	8,817	7,775
Miscellaneous	459,626	65,925
Leave Pay	70,334	123,202
Bonus	70,334	-
Cellphone Allowances	12,000	12,000
	945,111	**941,544**

Remuneration of chief finance officer

Annual Remuneration	-	556,301
Travel Allowance	-	55,000
Back Pay	-	6,474
Contributions to UIF, Medical and Pension Funds	-	34,188
Leave Pay	-	200,686
Cellphone Allowances	-	8,800
Acting allowance	60,827	1,692
	60,827	**863,141**

Remuneration of Manager of Community Services

Annual Remuneration	-	497,529
Travel Allowance	-	66,000
Back Pay	-	6,474
Contributions to UIF, Medical and Pension Funds	-	12,966
Acting Allowances	4,878	-
Cellphone Allowance	-	8,800
Housing Allowances	-	38,500
	4,878	**630,269**

Remuneration of Manager Technical Services

Annual Remuneration	300,000	410,800
Travel Allowance	60,000	40,000
Backpay	7,342	-

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

18. Employee related costs (continued)

Contributions to UIF, Medical and Pension Funds	-	998
Miscelenious	352,911	-
Cell Allowance	9,600	-
Bonus	36,585	-
	766,438	**451,798**

Remuneration of Manager of Corporate Services

Annual Remuneration	359,800	568,801
Travel Allowance	37,160	55,000
Miscellaneous	49,117	-
Contributions to UIF, Medical and Pension Funds	-	1,477
Cellphone Allowance	5,946	8,800
Back Pay	-	6,474
	452,023	**640,552**

19. Remuneration of councillors

Mayor	630,982	593,547
Deputy Mayor	504,719	477,272
Exco Members	264,027	248,135
Speaker	504,719	477,272
Councillors	1,964,938	1,846,801
	3,869,385	**3,643,027**

20. Interest received

Interest Earned from investments	899,180	563,026
Interest charged on trade and other receivables	180,706	191,306
	1,079,886	**754,332**

21. Auditors' remuneration

Fees	1,437,910	864,234

22. Cash generated from operations

Surplus	13,694,500	9,763,689
Adjustments for:		
Depreciation and amortisation	3,084,589	2,434,762
Loss on sale of assets and liabilities	-	(4,507)
Impairment deficit	31,093	124,041
Debt impairment	601,568	-
Movements in provisions	373,601	-
Other non-cash items	-	260,203
Changes in working capital:		
Receivables from exchange transactions	40,573	1,065,476
Consumer debtors	(1,783,747)	(143,212)
Payables from exchange transactions	765,110	283,917
Other receivable	(1,452,832)	1,712,461
Unspent conditional grants and receipts	4,000,729	2,901,503
	19,355,184	**18,398,333**

Figures in Rand	2013	2012

23. Capital Commitments

23.1. Commited in respect of Capital Expenditure

	2013	2012
Approved and contracted for :		
• Care Centre	109,291	137,074
• Community Infrastructure	3,059,247	1,080,596
• Municipal Building	2,165,936	283,145
• Electrification	6,370,172	2,119,827
	11,704,646	**3,620,642**

	2013	2012
23.2. Approved and Not Contracted for		
• Care Centre	1,526,000	-
• Communicty Infrastructure	6,700,000	-
• Roads Infrastracture	6,250,000	-
	14,476,000	**-**

This committed expenditure relates to property and will be financed by available bank facilities, existing cash resources, funds internally generated, etc.

24. Contingency Liability - Wage Curve Agreement

In terms of GRAP 19, the municipality is required to disclose a contingency liability in the financial statements. Due to the fact that not all the posts on the munipality's organagram were evaluated, it made it impractical for the municipality to measure the cost of the liability reliably.

25. Prior period errors

The following adjustment were made to amounts previously reported in the Annual Financial statements of the Municipality arrising from the compliance to GRAP standards.

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

	2013	2012
Property ,Plant and Equipment		
Amount Previously Reported	58,332,040	-
Adjustments	(298,281)	-
	58,033,759	**-**

During the year the municipality discovered differences in the asset register that had been disclosed in the prior period.

	2013	2012
Accumulated Surplus		
Amount previously reported	48,188,140	38,167,272
Depreciation written back on assets	14,589	-
Adjustment assets	1,333	-
Adjustment	-	(3,020)
Payables From Exchange Transactions	(146,039)	-
Receivables From Exchange Transactions	107,447	-
VAT prior period	854,133	-
Creditors	(1,041)	-
	49,018,562	**38,164,252**

Accumulated Surplus : The adjustment is an effect on the accumulated surplus of the changes for property plant and Equipment fror prior year for the amount of R244 281.11,Payables From Exchange Transactions for the Amount of R146 039.00 and Recievabvles From Exchange Transactions for the amount of R107 447.

Movement in depreciation

Notes to the Annual Financial Statements

Figures in Rand	2013	2012

25. Prior period errors (continued)

Amount Previously Reported	2,343,534	-
Adjustment	14,589	-
	2,358,123	**-**

Movement in surplus

Amount Preveously Reported	10,023,892	-
Adjustment	14,589	-
	10,038,481	**-**

Unspent Conditional Grants

Amount Previously Reported	-	3,215,316
Adjustment	-	(85,340)
	-	**3,129,976**

Other financial liabilites

Adjustment	-	88,360

Movement in Payables from Exchange Transactions

Previously reported	2,124,683	-
Adjustment	(1,041)	-
Prior Year Accrual	(146,039)	-
	1,977,603	**-**

An amount of R146 039 in the previous financial year was made for GRV accruals which was cleared during the current year as well as creditors that had been understated by R1 041.

Receivables from Exchange Transactions

Amount Previously Reported	596,750	-
Adjustment	(107,447)	-
	489,303	**-**

An amount of R107 447 in the previous financial year was made for payments made in advance which was cleared during the current year.

26. Risk management

Liquidity risk

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

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

Interest rate risk

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

Figures in Rand	2013	2012

26. Risk management (continued)

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

27. Going concern

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

28. Irregular expenditure

Irregular Expenditure - current year	1,198,103	1,247,119
Less: Amounts condoned	(1,198,103)	(465,679)
Amounts not condoned	**-**	**781,440**

Irregular expenditure consists of SCM deviations amounting to R1 198 103 (condoned) during the current period.

Irregular expenditure consists of SCM deviations amounting to R465 679 (condoned) and contracts awarded to employees in the service of the state amounting to R145 495 (not condoned).

29. Deviation from procurement processes

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council on a quartely basis.

The amount of deviation reported from procurement processes was R1 198 103.

Various deviations less than R200,000	1,198,103	-

Mkhambathini Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended June 30, 2013

	2013/2012											2012/2011			
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Financial performance															
Property rates and Penalties	6,394,175	-	6,394,175	-		6,394,175	6,722,465		328,290	105 %	105 %				-
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Rental of facilities and equipment	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Interest earned - external investments	500,000	-	500,000	-		500,000	1,077,532		577,532	216 %	216 %				-
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Dividends received	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Fines	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Licences and permits	3,287,400	-	3,287,400	-		3,287,400	3,326,698		39,298	101 %	101 %				-
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Other revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Gains on disposal of PPE	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	**10,181,575**	**-**	**10,181,575**	**-**		**10,181,575**	**11,126,695**		**945,120**	**109 %**	**109 %**				**-**

Mkhambathini Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended June 30, 2013

	2013/2012														2012/2011
	Original Budget Rand	Budget Adjustments (i.t.o. s28 and s31 of the MFMA) Rand	Final adjustments budget Rand	Shifting of funds (i.t.o. s31 of the MFMA) Rand	Virement (i.t.o. Council approved policy) Rand	Final Budget Rand	Actual Outcome Rand	Unauthorised expenditure Rand	Variance Rand	Actual Outcome as % of Final Budget Rand	Actual Outcome as % of Original Budget Rand	Reported unauthorised expenditure Rand	Expenditure authorised in terms of section 32 of MFMA Rand	Balance to be recovered Rand	Restated Audited Outcome Rand
Expenditure By Type															
Employee related costs	15,685,000	-	15,685,000	-	-	15,685,000	17,523,672	-	1,838,672	112 %	112 %	-	-	-	-
Remuneration of councillors	3,868,475	-	3,868,475	-	-	3,868,475	3,869,385	-	910	100 %	100 %	-	-	-	-
Repairs and maintenance	-	-	-		-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Depreciation & asset impairment	2,110,000	-	2,110,000		-	2,110,000	2,718,983	-	608,983	129 %	129 %	-	-	-	-
Debtors discounting	80,000	-	80,000	-	-	80,000	104,990	-	24,990	131 %	131 %	-	-	-	-
Bulk purchases	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contracted services	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Grants and subsidies paid	27,312,000	-	27,312,000	-	-	27,312,000	6,916,353	-	(20,395,647)	25 %	25 %	-	-	-	-
Other expenditure	35,305,000	-	35,305,000	-	-	35,305,000	13,261,706	-	(22,043,294)	38 %	38 %	-	-	-	-
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Total Expenditure	**84,360,475**	**-**	**84,360,475**	**-**	**-**	**84,360,475**	**44,395,089**	**-**	**(39,965,386)**	**53 %**	**53 %**	**-**	**-**	**-**	**-**
Surplus/(Deficit)	**(74,178,900)**	**-**	**(74,178,900)**	**-**		**(74,178,900)**	**(33,268,394)**		**40,910,506**	**45 %**	**45 %**				**-**
Surplus/(Deficit) for the year	**(74,178,900)**	**-**	**(74,178,900)**	**-**		**(74,178,900)**	**(33,268,394)**		**40,910,506**	**45 %**	**45 %**				**-**