

RICHMOND LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of Richmond Local Municipality at 30 June 2013.

These Annual Financial Statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003). The standards and pronouncements that form the GRAP Reporting Framework for the 2012/13 financial period is set out in Directive 5 issued by the ASB on 11 March 2009.

The Statement of Financial Position at 30 June 2013 indicates an increase in Net Assets, and an increase in both Non-current Liabilities and Current Liabilities.

The increase in Net Assets is ascribed primarily to the increase in Accumulated Surplus as a result of the surplus generated on the operating account. The increase in Non-current Liabilities is primarily as a result of the increases in Retirement Benefit Liabilities and Long-service Benefits. The increase in Current Liabilities is primarily as a result of the increase in Payables exceeding the decrease in Unspent Conditional Grants.

2. KEY FINANCIAL INDICATORS

The following indicators are self-explanatory. The percentages of expenditure categories are well within acceptable norms and indicate good governance of the funds of the municipality.

2.1 Financial Statement Ratios:

| INDICATOR | 2013 | 2012 |
|---|-------------|-------------|
| Surplus / (Deficit) before Appropriations | 14 332 375 | 10 240 599 |
| Surplus / (Deficit) at the end of the Year | 117 999 832 | 103 667 457 |
| Expenditure Categories as a percentage of Total Expenses: | | |
| Employee Related Costs | 41.95% | 42.69% |
| Remuneration of Councillors | 6.12% | 7.56% |
| Collection Costs | 0.05% | 0.04% |
| Depreciation and Amortisation | 7.58% | 8.32% |
| Impairment Losses | 6.89% | 0.96% |
| Repairs and Maintenance | 3.11% | 4.76% |
| Interest Paid | 0.32% | 0.40% |
| Contracted Services | 5.16% | 7.85% |
| Grants and Subsidies Paid | 9.13% | 4.65% |
| General Expenses | 19.42% | 22.76% |
| Current Ratio: | | |
| Trade Creditors Days | 45 | 22 |
| Debtors from Exchange Transactions Days | 51 | 57 |

2.2 Performance Indicators:

| INDICATOR | 2013 | 2012 |
|--|--------|--------|
| Borrowing Management: | | |
| Capital Charges to Operating Expenditure | 0.57% | 0.66% |
| Capital Charges to Own Revenue | 2.32% | 2.20% |
| Borrowed Funding to Own Capital Expenditure | 0.00% | 6.81% |
| Borrowing to Total Capital Assets | 0.02% | 0.17% |
| Safety of Capital: | | |
| Gearing | 0.02% | 0.15% |
| Liquidity: | | |
| Current Ratio | 1.73 | 1.67 |
| Liquidity Ratio | 1.53 | 1.35 |
| Capital Expenditure Management: | | |
| Capital Expenditure on Infrastructure to Total Capital Expenditure | 73.77% | 42.42% |
| Capital Funding from Borrowings to Capital Grants, Subsidies & Donations | 0.00% | 0.00% |
| Revenue Management: | | |
| Current Debtors Collection Rate | 89.22% | 57.34% |
| Outstanding Debtors to Revenue | 7.72% | 21.20% |
| Creditors Management: | | |
| Creditors to Cash and Investments | 13.12% | 10.92% |
| Financial Viability: | | |
| Debt Coverage | 7.63 | 7.75 |
| Outstanding Service Debtors to Revenue | 31.33% | 64.96% |
| Cost Coverage | 0.83 | 0.92 |

3. OPERATING RESULTS

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

The services offered by Richmond Municipality can generally be classified as Rates and General, Economic and Trading Services and are discussed in more detail below.

The overall operating results for the year ended 30 June 2013 are as follows:

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Percentage Variance % | Budgeted 2012/13 R | Variance actual/ budgeted % |
|------------------------------------|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income: | | | | | |
| Opening surplus / (deficit) | 103 428 805 | 93 198 434 | 10.98 | - | 100.00 |
| Operating income for the year | 71 151 172 | 55 094 507 | 29.14 | 82 882 516 | (14.15) |
| Appropriations for the year | (9 513) | (10 228) | (6.99) | - | 100.00 |
| | 174 570 465 | 148 282 714 | 17.73 | 82 882 516 | 110.62 |
| Expenditure: | | | | | |
| Operating expenditure for the year | 56 818 797 | 44 853 908 | 26.68 | 57 006 580 | (0.33) |
| Closing surplus / (deficit) | 117 751 668 | 103 428 805 | 13.85 | 25 875 936 | 355.06 |
| | 174 570 465 | 148 282 714 | 17.73 | 82 882 516 | 110.62 |
| | | | | | |

3.1 Rates and General Services:

Rates and General Services are all types of services rendered by the municipality, excluding those listed below. The main income sources are Assessment Rates and Sundry Fees levied.

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Percentage Variance % | Budgeted 2012/13 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 65 759 373 | 53 300 968 | 23.37 | 77 555 764 | (15.21) |
| Expenditure | 49 585 476 | 41 777 570 | 18.69 | 49 686 798 | (0.20) |
| Surplus / (Deficit) | 16 173 897 | 11 523 398 | 40.36 | 27 868 967 | (41.96) |
| Surplus / (Deficit) as % of total income | 24.60% | 21.62% | | 35.93% | |

3.2 Housing Services:

Housing Services are services rendered by the municipality to supply housing to the community. The income source is the Human Settlement Grant.

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Percentage Variance % | Budgeted 2012/13 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 5 019 212 | 1 223 383 | 310.27 | 4 953 212 | 1.33 |
| Expenditure | 5 019 212 | 1 223 383 | 310.27 | 4 953 212 | 1.33 |
| Surplus / (Deficit) | - | - | - | - | - |
| Surplus / (Deficit) as % of total income | 100.00% | 100.00% | | 100.00% | |

3.3 Waste Management Services:

Waste Management Services are services rendered by the municipality for the collection and disposal of waste (refuse). Income is mainly generated from the levying of fees and tariffs determined by the council.

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Percentage Variance % | Budgeted 2012/13 R | Variance actual/ budgeted % |
|--|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Income | 372 587 | 570 157 | (34.65) | 373 540 | (0.26) |
| Expenditure | 2 214 109 | 1 852 956 | 19.49 | 2 366 571 | (6.44) |
| Surplus / (Deficit) | (1 841 522) | (1 282 799) | 43.56 | (1 993 031) | (7.60) |
| Surplus / (Deficit) as % of total income | (494.25)% | (224.99)% | | (533.55)% | |

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Assets during the year amounted to R21 207 384 (2011/12: R15 464 417). Full details of Assets are disclosed in Notes 9, 10, 11, 12 and Appendices "B, C and E (4)" to the Annual Financial Statements.

The capital expenditure of R21 207 384 was financed as follows:

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Percentage Variance % | Budgeted 2012/13 R | Variance actual/ budgeted % |
|---------------------------------|------------------------|------------------------|-----------------------------|--------------------------|-----------------------------------|
| Grants and Subsidies | 10 279 972 | 12 317 980 | (16.54) | 20 016 000 | (48.64) |
| Own Funds (Accumulated Surplus) | 10 927 412 | 3 146 437 | 247.29 | 11 215 182 | (2.57) |
| | 21 207 384 | 15 464 417 | 37.14 | 31 231 182 | (32.10) |

Source of funding as a percentage of Total Capital Expenditure:

| DETAILS | 2013 | 2012 |
|---------------------------------|---------|---------|
| Grants and Subsidies | 48.47% | 79.65% |
| Own Funds (Accumulated Surplus) | 51.53% | 20.35% |
| | 100.00% | 100.00% |

5. RECONCILIATION OF BUDGET TO ACTUAL

5.1 Operating Budget:

| DETAILS | 2013 | 2012 |
|---|--------------|--------------|
| <i>Variance per Category:</i> | | |
| Budgeted surplus before appropriations | 25 875 936 | 17 509 447 |
| Revenue variances | (11 731 344) | (11 854 363) |
| Expenditure variances: | | |
| Employee Related Costs | (1 066 391) | 831 336 |
| Remuneration of Councillors | 168 036 | (83 328) |
| Collection Costs | 22 204 | 133 061 |
| Depreciation and Amortisation | 543 978 | 962 954 |
| Impairment Losses | (3 916 976) | (431 420) |
| Repairs and Maintenance | 781 761 | 723 104 |
| Interest Paid | (165 080) | (178 248) |
| Contracted Services | (575 398) | (1 324 194) |
| Grants and Subsidies Paid | 294 572 | (1 099 918) |
| General Expenses | 4 252 672 | 5 061 368 |
| Loss on disposal of Property, Plant and Equipment | (151 596) | (9 200) |
| Actual surplus before appropriations | 14 332 375 | 10 240 599 |

| DETAILS | 2013 | 2012 |
|--|--------------|-------------|
| <i>Variance per Service Segment:</i> | | |
| Budgeted surplus before appropriations | 25 875 936 | 15 265 765 |
| Executive and Council | 475 420 | 56 981 |
| Finance and Administration | (871 252) | 1 324 127 |
| Planning and Development | (10 020 149) | (8 272 157) |
| Community and Social Services | (1 530 065) | 323 565 |
| Public Safety | 229 796 | (82 968) |
| Sport and Recreation | (1 145 498) | 378 465 |
| Waste Management | 151 509 | 197 919 |
| Roads and Transport | 1 166 678 | 1 048 903 |
| Actual surplus before appropriations | 14 332 375 | 10 240 599 |
| | | |

Details of the operating results per segmental classification of expenditure are included in Appendix "D", whilst operational results are included in Appendices "E (1), E (2) and E (3)".

5.2 Capital Budget:

| DETAILS | Actual 2012/13 R | Actual 2011/12 R | Variance actual 2012/13 / 2011/12 R | Budgeted 2012/13 R | Variance actual/ budgeted R |
|-------------------------------|------------------------|------------------------|---|--------------------------|-----------------------------------|
| Executive and Council | 49 459 | 388 418 | (338 959) | 56 950 | (7 491) |
| Finance and Administration | 190 564 | 528 222 | (337 658) | 756 000 | (565 436) |
| Planning and Development | 117 680 | 680 236 | (562 556) | 558 750 | (441 070) |
| Community and Social Services | 265 096 | 774 098 | (509 002) | 339 500 | (74 404) |
| Public Safety | 858 375 | 226 724 | 631 650 | 1 221 000 | (362 625) |
| Sport and Recreation | 2 113 774 | 2 058 337 | 55 437 | 3 495 210 | (1 381 436) |
| Roads and Transport | 17 612 437 | 10 808 380 | 6 804 056 | 24 803 772 | (7 191 336) |
| | 21 207 384 | 15 464 417 | 5 742 967 | 31 231 182 | (10 023 799) |
| | | | | | |

Details of the results per segmental classification of capital expenditure are included in Appendix "C" and in Appendix "E (4)".

6. ACCUMULATED SURPLUS

The balance of the Accumulated Surplus as at 30 June 2013 amounted to R117 999 832 (30 June 2012: R103 667 457) and is made up as follows:

| | |
|--------------------------|--------------------|
| Housing Development Fund | 248 164 |
| Accumulated Surplus | 117 751 668 |
| | <u>117 999 832</u> |

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

The municipality, in conjunction with its own capital requirements and external funds (grants) is able to finance its annual infrastructure capital programme.

Refer to Note 23 and the Statement of Change in Net Assets for more detail.

7. LONG-TERM LIABILITIES

The outstanding amount of Long-term Liabilities as at 30 June 2013 was R20 803 (30 June 2012: R152 710).

Loans to the amount of R0 (2011/12: R214 297) was taken up during the financial year to enable the municipality to finance part of its capital requirements for the year.

Refer to Note 20 and Appendix "A" for more detail.

8. RETIREMENT BENEFIT LIABILITIES

The outstanding amount of Retirement Benefit Liabilities as at 30 June 2013 was R6 812 587 (30 June 2012: R5 164 351).

This liability is in respect of continued Health Care Benefits for employees of the municipality after retirement being members of schemes providing for such benefits. This liability is unfunded.

Refer to Note 21 for more detail.

9. NON-CURRENT PROVISIONS

Non-current Provisions amounted R2 975 997 as at 30 June 2013 (30 June 2012: R2 489 769) and is made up as follows:

| | |
|---|-------------------------|
| Provision for Long-term Service | 1 072 196 |
| Provision for Rehabilitation of Land-fill Sites | <u>1 903 801</u> |
| | <u><u>2 975 997</u></u> |

These provisions are made in order to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

Refer to Note 22 for more detail.

10. CURRENT LIABILITIES

Current Liabilities amounted R28 322 886 as at 30 June 2013 (30 June 2012: R28 018 249) and is made up as follows:

| | | |
|--|---------|--------------------------|
| Provisions | Note 15 | 226 546 |
| Payables from Exchange Transactions | Note 16 | 5 696 584 |
| Payables from Non-exchange Transactions | Note 17 | 2 030 144 |
| Unspent Conditional Grants and Receipts | Note 18 | 19 959 805 |
| Operating Lease Liabilities | Note 19 | 259 475 |
| Current Portion of Long-term Liabilities | Note 20 | <u>150 331</u> |
| | | <u><u>28 322 886</u></u> |

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Notes for more detail.

11. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment was R102 748 260 as at 30 June 2013 (30 June 2012: R86 455 679).

Refer to Note 9 and Appendices "B, C and E (4)" for more detail.

12. INTANGIBLE ASSETS

The net value of Intangible Assets were R14 323 as at 30 June 2013 (30 June 2012: R23 378).

Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the municipality in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to Note 10 and Appendix "B" for more detail.

13. INVESTMENT PROPERTY

The net value of Investment Properties were R4 114 852 as at 30 June 2013 (30 June 2012: R4 114 852).

Investment Property is property 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.

Refer to Note 11 and Appendix "B" for more detail.

14. HERITAGE ASSETS

The net value of Heritage Assets were R128 080 as at 30 June 2013 (30 June 2012: R128 080).

Heritage Assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

Refer to Note 12 and Appendix "B" for more detail.

15. NON-CURRENT INVESTMENTS

The municipality held Investments to the value of R266 as at 30 June 2013 (30 June 2012: R266).

Refer to Note 13 for more detail.

16. LONG-TERM RECEIVABLES

Long-term Receivables of R9 768 at 30 June 2013 (30 June 2012: R1 951 156) is made up as follows:

| | |
|---|-------------|
| Housing | - |
| uMgungundlovu District Municipality | 32 368 |
| | <hr/> |
| | 32 368 |
| Less: Short-term portion included in Current Assets | 22 600 |
| | <hr/> |
| | 9 768 |
| | <hr/> <hr/> |

Refer to Note 14 for more detail.

17. CURRENT ASSETS

Current Assets amounted R49 116 555 as at 30 June 2013 (30 June 2012: R46 819 124) and is made up as follows:

| | | |
|--|--------|-------------------|
| Inventories | Note 2 | 26 299 |
| Non-current Assets Held-for-Sale | Note 3 | 1 545 536 |
| Receivables from Exchange Transactions | Note 4 | 1 224 213 |
| Receivables from Non-exchange Transactions | Note 5 | 2 147 982 |
| VAT Receivable | Note 6 | 745 287 |
| Cash and Cash Equivalents | Note 7 | 43 404 637 |
| Current Portion of Long-term Debtors | Note 8 | 22 600 |
| | | <u>49 116 555</u> |

The increase in the amount for Current Assets is mainly due to the increased amount held in Bank and Cash Equivalents.

Refer to the indicated Notes for more detail.

18. INTER-GOVERNMENTAL GRANTS

The municipality is dependent on financial aid from other government spheres to finance its annual capital programme. Operating grants are utilised to finance indigent assistance and provision of free basic services.

Refer to Notes 18 and 25, and Appendix "F" for more detail.

19. CORRECTION OF ERROR

Prior Year amounts have been restated due to corrections made in the current year and are disclosed in Note 40.

20. EVENTS AFTER THE REPORTING DATE

Full details of all known events, if any, after the reporting date are disclosed in Note 55.

21. EXPRESSION OF APPRECIATION

We are grateful to the Mayor, members of the Executive Committee, Councillors, the Municipal Manager and Heads of Departments for the support extended during the financial year. A special word of thanks to all staff in the Finance Department, for without their assistance these Annual Financial Statements would not have been possible.

CHIEF FINANCIAL OFFICER

30 August 2013

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

| | | Actual | |
|--|------|--------------------|--------------------|
| | Note | 2013 | 2012 |
| | | R | Restated R |
| ASSETS | | | |
| Current Assets | | 49 116 555 | 46 819 124 |
| Inventories | 2 | 26 299 | 175 162 |
| Non-current Assets Held-for-Sale | 3 | 1 545 536 | 1 113 114 |
| Receivables from Exchange Transactions | 4 | 1 224 213 | 990 639 |
| Receivables from Non-exchange Transactions | 5 | 2 147 982 | 5 661 707 |
| VAT Receivable | 6 | 745 287 | 1 136 189 |
| Cash and Cash Equivalents | 7 | 43 404 637 | 37 721 545 |
| Current Portion of Long-term Receivables | 8 | 22 600 | 20 768 |
| Non-Current Assets | | 107 015 550 | 92 673 412 |
| Property, Plant and Equipment | 9 | 102 748 260 | 86 455 679 |
| Intangible Assets | 10 | 14 323 | 23 378 |
| Investment Property | 11 | 4 114 852 | 4 114 852 |
| Heritage Assets | 12 | 128 080 | 128 080 |
| Non-current Investments | 13 | 266 | 266 |
| Long-term Receivables | 14 | 9 768 | 1 951 156 |
| Total Assets | | 156 132 105 | 139 492 536 |
| LIABILITIES | | | |
| Current Liabilities | | 28 322 886 | 28 018 249 |
| Provisions | 15 | 226 546 | 153 000 |
| Payables from Exchange Transactions | 16 | 5 696 584 | 4 120 965 |
| Payables from Non-exchange Transactions | 17 | 2 030 144 | 1 598 219 |
| Unspent Conditional Grants and Receipts | 18 | 19 959 805 | 21 765 192 |
| Operating Lease Liabilities | 19 | 259 475 | 222 087 |
| Current Portion of Long-term Liabilities | 20 | 150 331 | 158 786 |
| Non-Current Liabilities | | 9 809 387 | 7 806 830 |
| Long-term Liabilities | 20 | 20 803 | 152 710 |
| Retirement Benefit Liabilities | 21 | 6 812 587 | 5 164 351 |
| Non-current Provisions | 22 | 2 975 997 | 2 489 769 |
| Total Liabilities | | 38 132 273 | 35 825 079 |
| Net Assets | | 117 999 832 | 103 667 457 |
| NET ASSETS | | 117 999 832 | 103 667 457 |
| Accumulated Surplus / (Deficit) | 23 | 117 999 832 | 103 667 457 |
| Total Net Assets | | 117 999 832 | 103 667 457 |

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

| | Note | Actual | |
|---|------|-------------------|-----------------------|
| | | 2013 R | 2012 Restated R |
| REVENUE | | | |
| Revenue from Non-exchange Transactions | | | |
| Property Rates | 24 | 8 548 051 | 6 102 267 |
| Property Rates - Penalties imposed and collection charges | 28 | 806 897 | 793 032 |
| Fines | | 116 366 | 2 659 |
| Licences and Permits | | 401 224 | 422 835 |
| Income from Agency Services | | 458 106 | 517 926 |
| Government Grants and Subsidies Received | 25 | 57 152 459 | 41 631 680 |
| Revenue from Exchange Transactions | | | |
| Service Charges | 26 | 299 603 | 283 028 |
| Rental of Facilities and Equipment | 27 | 1 033 491 | 2 996 033 |
| Interest Earned - External Investments | 28 | 1 695 342 | 1 620 518 |
| Interest Earned - Outstanding Debtors | 28 | 146 399 | 98 028 |
| Other Revenue | 29 | 493 234 | 500 045 |
| Other Gains on Continued Operations | 38 | - | 126 458 |
| Total Revenue | | 71 151 172 | 55 094 507 |
| EXPENDITURE | | | |
| Employee Related Costs | 30 | 23 833 944 | 19 148 104 |
| Remuneration of Councillors | 31 | 3 477 164 | 3 389 998 |
| Collection Costs | | 27 796 | 16 939 |
| Depreciation and Amortisation | 32 | 4 306 412 | 3 731 716 |
| Impairment Losses | 33 | 3 916 976 | 431 420 |
| Repairs and Maintenance | | 1 768 100 | 2 134 379 |
| Finance Costs | 34 | 184 456 | 178 248 |
| Contracted Services | 35 | 2 933 271 | 3 521 984 |
| Grants and Subsidies Paid | 36 | 5 186 910 | 2 083 698 |
| General Expenses | 37 | 11 032 172 | 10 208 222 |
| Loss on Disposal of Property, Plant and Equipment | | 151 596 | 9 200 |
| Total Expenditure | | 56 818 797 | 44 853 908 |
| SURPLUS / (DEFICIT) FOR THE YEAR | | 14 332 375 | 10 240 599 |

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

| Description | Total for Accumulated Surplus/(Deficit) Account | Total |
|---------------------------------------|--|--------------------|
| | R | R |
| 2012 | | |
| Balance at 30 June 2011 | 93 426 858 | 93 426 858 |
| Change in Accounting Policy (Note 39) | - | - |
| Correction of Error (Note 40) | (0) | (0) |
| Restated Balance | 93 426 858 | 93 426 858 |
| Surplus / (Deficit) for the year | 10 240 599 | 10 240 599 |
| Balance at 30 June 2012 | 103 667 457 | 103 667 457 |
| 2013 | | |
| Change in Accounting Policy (Note 39) | - | - |
| Correction of Error (Note 40) | (0) | (0) |
| Restated Balance | 103 667 457 | 103 667 457 |
| Surplus / (Deficit) for the year | 14 332 375 | 14 332 375 |
| Balance at 30 June 2013 | 117 999 832 | 117 999 832 |
| | - | - |

Details on the movement of the Funds and Reserves are set out in Note 23.

RICHMOND LOCAL MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

| | | Actual | |
|---|------|---------------------|---------------------|
| | Note | 2013 | 2012 |
| | | R | Restated R |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | | |
| Property Rates | 24 | 8 642 423 | 4 466 460 |
| Government Grant and Subsidies | 25 | 58 957 846 | 35 610 002 |
| Service Charges | 26 | 102 273 | (294 269) |
| Interest Received | 28 | 1 695 342 | 1 620 518 |
| Other Receipts | | 1 716 962 | 15 812 097 |
| Payments | | | |
| Employee Related Costs | 30 | (21 791 966) | (18 147 552) |
| Remuneration of Councillors | 31 | (3 477 164) | (3 389 998) |
| Interest Paid | 34 | (184 456) | (178 248) |
| Suppliers Paid | | (2 693 825) | (6 987 207) |
| Other Payments | | (15 859 663) | (12 153 648) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | 27 107 771 | 16 358 155 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of Property, Plant and Equipment | 9 | (21 207 384) | (15 464 417) |
| Proceeds on Disposal of Property, Plant and Equipment | | (102 059) | 325 000 |
| Decrease / (Increase) in Long-term Receivables | 14 | 25 125 | 19 763 |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | | (21 284 318) | (15 119 653) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from Borrowings | 20 | - | 214 297 |
| Repayment of Borrowings | 20 | (140 362) | (117 424) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | | (140 362) | 96 873 |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | | 5 683 092 | 1 335 375 |
| Cash and Cash Equivalents at Beginning of Period | 7 | 37 721 545 | 36 386 170 |
| Cash and Cash Equivalents at End of Period | 7 | 43 404 637 | 37 721 545 |

RICHMOND LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013

30 June 2013

| Description | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
|--|-----------------------|---------------------|--------------------------|-------------------|--------------------|--------------------|--------------------|--------------------------|--------------------|-------------------------------------|--|
| | R | R | R | R | R | R | R | R | R | R | R |
| FINANCIAL POSITION | | | | | | | | | | | |
| Current Assets | | | | | | | | | | | |
| Inventories | - | - | - | - | - | - | 26 299 | - | 26 299 | 0.00 | 0.00 |
| Non-current Assets Held-for-Sale | - | - | - | - | - | - | 1 545 536 | - | 1 545 536 | 0.00 | 0.00 |
| Receivables from Exchange Transactions | 2 915 000 | (1 846 991) | 1 068 009 | - | (405 000) | 663 009 | 1 224 213 | - | 561 204 | 184.65 | 42.00 |
| Receivables from Non-exchange Transactions | - | - | - | - | - | - | 2 147 982 | - | 2 147 982 | 0.00 | 0.00 |
| VAT Receivable | - | - | - | - | - | - | 745 287 | - | 745 287 | 0.00 | 0.00 |
| Cash and Cash Equivalents | 34 880 000 | (9 880 000) | 25 000 000 | - | - | 25 000 000 | 43 404 637 | - | 18 404 637 | 173.62 | 124.44 |
| Current Portion of Long-term Receivables | - | - | - | - | - | - | 22 600 | - | 22 600 | 0.00 | 0.00 |
| Non-Current Assets | | | | | | | | | | | |
| Property, Plant and Equipment | 108 755 198 | - | 108 755 198 | - | - | 108 755 198 | 102 748 260 | - | (6 006 938) | 94.48 | 94.48 |
| Intangible Assets | - | - | - | - | - | - | 14 323 | - | 14 323 | 0.00 | 0.00 |
| Investment Property | - | - | - | - | - | - | 4 114 852 | - | 4 114 852 | 0.00 | 0.00 |
| Heritage Assets | - | - | - | - | - | - | 128 080 | - | 128 080 | 0.00 | 0.00 |
| Non-current Investments | - | - | - | - | - | - | 266 | - | 266 | 0.00 | 0.00 |
| Long-term Receivables | - | - | - | - | - | - | 9 768 | - | 9 768 | 0.00 | 0.00 |
| Total Assets | 146 550 198 | (11 726 991) | 134 823 207 | - | (405 000) | 134 418 207 | 156 132 105 | - | 21 713 898 | 116.15 | 106.54 |
| Current Liabilities | | | | | | | | | | | |
| Provisions | - | - | - | - | - | - | 226 546 | - | 226 546 | 0.00 | 0.00 |
| Payables from Exchange Transactions | 1 236 000 | - | 1 236 000 | - | - | 1 236 000 | 5 696 584 | - | 4 460 584 | 460.89 | 460.89 |
| Payables from Non-exchange Transactions | - | - | - | - | - | - | 2 030 144 | - | 2 030 144 | 0.00 | 0.00 |
| Unspent Conditional Grants and Receipts | - | - | - | - | - | - | 19 959 805 | - | 19 959 805 | 0.00 | 0.00 |
| Operating Lease Liabilities | - | - | - | - | - | - | 259 475 | - | 259 475 | 0.00 | 0.00 |
| Current Portion of Long-term Liabilities | - | - | - | - | - | - | 150 331 | - | 150 331 | 0.00 | 0.00 |
| Non-Current Liabilities | | | | | | | | | | | |
| Long-term Liabilities | - | - | - | - | - | - | 20 803 | - | 20 803 | 0.00 | 0.00 |
| Retirement Benefit Liabilities | 4 325 000 | - | 4 325 000 | - | 1 712 000 | 6 037 000 | 6 812 587 | - | 775 587 | 112.85 | 157.52 |
| Non-current Provisions | 3 165 000 | 160 000 | 3 325 000 | - | - | 3 325 000 | 2 975 997 | - | (349 003) | 89.50 | 94.03 |
| Total Liabilities | 8 726 000 | 160 000 | 8 886 000 | - | 1 712 000 | 10 598 000 | 38 132 273 | - | 27 534 273 | 359.81 | 437.00 |
| Total Assets and Liabilities | 137 824 198 | (11 886 991) | 125 937 207 | - | (2 117 000) | 123 820 207 | 117 999 832 | - | (5 820 375) | 95.30 | 85.62 |
| Net Assets (Equity) | | | | | | | | | | | |
| Accumulated Surplus / (Deficit) | 137 824 198 | (11 886 991) | 125 937 207 | - | (2 117 000) | 123 820 207 | 117 999 832 | - | (5 820 375) | 95.30 | 85.62 |
| Total Net Assets | 137 824 198 | (11 886 991) | 125 937 207 | - | (2 117 000) | 123 820 207 | 117 999 832 | - | (5 820 375) | 95.30 | 85.62 |

Financial Position: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Inventories:

Inventories were not budgeted for - immaterial amount.

Non-current Assets Held-for-Sale:

Budget not aligned to GRAP - included in budget for Property, Plant & Equipment.

Receivables from Exchange Transactions:

It was under-budgeted for Receivables from Exchange Transactions.

Receivables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Receivables from Exchange Transactions.

VAT Receivable:

Claim for Input VAT not yet paid by SARS.

Cash and Cash Equivalents:

It was not budgeted for Unspent Grants at year-end.

Current Portion of Long-term Receivables:

It was under-budgeted for Current Portion of Long-term Receivables.

Intangible Assets:

Included in budget for Property, Plant & Equipment.

Investment Property:

Included in budget for Property, Plant & Equipment.

Heritage Assets:

Included in budget for Property, Plant & Equipment.

Non-current Investments:

It was not budgeted for Non-current Investments - immaterial amount.

Long-term Receivables:

It was not budgeted for Long-term Receivables.

Provisions:

It was not budgeted for Provisions.

Payables from Exchange Transactions:

It was under-budgeted for Payables from Exchange Transactions.

Payables from Non-exchange Transactions:

Budget not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Unspent Conditional Grants and Receipts:

It was not budgeted for Unspent Grants at year-end.

Operating Lease Liabilities:

Budget not aligned to GRAP - included in budget for Payables from Exchange Transactions.

Current Portion of Long-term Liabilities:

It was not budgeted for Current Portion of Long-term Liabilities.

Long-term Liabilities:

It was not budgeted for Current Portion of Long-term Liabilities.

Retirement Benefit Liabilities:

It was under-budgeted for Retirement Benefit Liabilities.

Non-current Provisions:

It was under-budgeted for Non-current Provisions.

| Description | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
|---|-----------------------|--------------------|--------------------------|-------------------|----------|-------------------|--------------------|--------------------------|---------------------|-------------------------------------|--|
| | R | R | R | R | R | R | R | R | R | R | R |
| FINANCIAL PERFORMANCE | | | | | | | | | | | |
| Revenue from Non-exchange Transactions | | | | | | | | | | | |
| Property Rates | 7 200 000 | - | 7 200 000 | - | - | 7 200 000 | 8 548 051 | - | 1 348 051 | 118.72 | 118.72 |
| Property Rates - Penalties imposed and collection charges | 340 000 | 60 000 | 400 000 | - | - | 400 000 | 806 897 | - | 406 897 | 201.72 | 237.32 |
| Fines | 202 500 | (200 000) | 2 500 | - | - | 2 500 | 116 366 | - | 113 866 | 4 654.66 | 57.46 |
| Licences and Permits | 508 985 | (74 400) | 434 585 | - | - | 434 585 | 401 224 | - | (33 361) | 92.32 | 78.83 |
| Income for Agency Services | 385 425 | 25 000 | 410 425 | - | - | 410 425 | 458 106 | - | 47 681 | 111.62 | 118.86 |
| Government Grants and Subsidies Received | 48 540 000 | 22 359 112 | 70 899 112 | - | - | 70 899 112 | 37 977 384 | - | (32 921 727) | 53.57 | 78.24 |
| Revenue from Exchange Transactions | | | | | | | | | | | |
| Service Charges | 309 390 | - | 309 390 | - | - | 309 390 | 299 603 | - | (9 787) | 96.84 | 96.84 |
| Rental of Facilities and Equipment | 1 115 114 | 45 000 | 1 160 114 | - | - | 1 160 114 | 1 033 491 | - | (126 624) | 89.09 | 92.68 |
| Interest Earned - External Investments | 1 500 000 | - | 1 500 000 | - | - | 1 500 000 | 1 695 342 | - | 195 342 | 113.02 | 113.02 |
| Interest Earned - Outstanding Debtors | 76 450 | 28 000 | 104 450 | - | - | 104 450 | 146 399 | - | 41 949 | 140.16 | 191.50 |
| Other Income | 348 940 | 113 000 | 461 940 | - | - | 461 940 | 493 234 | - | 31 294 | 106.77 | 141.35 |
| Profit on Sale of Land | 1 652 485 | (1 652 485) | - | - | - | - | - | - | - | 0.00 | 0.00 |
| Total Revenue | 62 179 289 | 20 703 227 | 82 882 516 | - | - | 82 882 516 | 51 976 097 | - | (30 906 419) | 62.71 | 83.59 |
| Expenditure | | | | | | | | | | | |
| Employee Related Costs | 22 209 123 | 558 431 | 22 767 554 | - | - | 22 767 554 | 23 833 944 | 1 066 391 | 1 066 391 | 104.68 | 107.32 |
| Remuneration of Councillors | 3 645 200 | - | 3 645 200 | - | - | 3 645 200 | 3 477 164 | - | (168 036) | 95.39 | 95.39 |
| Collection Costs | 50 000 | - | 50 000 | - | - | 50 000 | 27 796 | - | (22 204) | 55.59 | 55.59 |
| Depreciation and Amortisation | 4 850 390 | - | 4 850 390 | - | - | 4 850 390 | 4 306 412 | - | (543 978) | 88.78 | 88.78 |
| Impairment Losses | - | - | - | - | - | - | 3 916 976 | 3 916 976 | 3 916 976 | 0.00 | 0.00 |
| Repairs and Maintenance | 2 966 820 | (416 959) | 2 549 861 | - | - | 2 549 861 | 1 768 100 | - | (781 761) | 69.34 | 59.60 |
| Finance Costs | - | 19 376 | 19 376 | - | - | 19 376 | 184 456 | 165 080 | 165 080 | 951.96 | 0.00 |
| Contracted Services | 2 406 706 | (48 833) | 2 357 873 | - | - | 2 357 873 | 2 933 271 | 575 398 | 575 398 | 124.40 | 121.88 |
| Grants and Subsidies Paid | 677 470 | 4 804 012 | 5 481 482 | - | - | 5 481 482 | 5 186 910 | - | (294 572) | 94.63 | 765.63 |
| General Expenses | 8 997 577 | 6 287 268 | 15 284 845 | - | - | 15 284 845 | 11 032 172 | - | (4 252 672) | 72.18 | 122.61 |
| Loss on Disposal of Property, Plant and Equipment | - | - | - | - | - | - | 151 596 | 151 596 | 151 596 | 0.00 | 0.00 |
| Total Expenditure | 45 803 286 | 11 203 295 | 57 006 580 | - | - | 57 006 580 | 56 818 797 | 5 875 440 | (187 783) | 99.67 | 124.05 |
| Surplus/(Deficit) | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | (4 842 700) | (5 875 440) | (30 718 635) | 0.00 | 0.00 |
| Transfers Recognised - Capital | - | - | - | - | - | - | 19 175 075 | 19 175 075 | 19 175 075 | 0.00 | 0.00 |
| Surplus/(Deficit for the Year) | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | 14 332 375 | 13 299 634 | (11 543 561) | 55.39 | 87.52 |

Financial Performance: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Property Rates:

It was under-budgeted for Property Rates.

Property Rates - Penalties imposed and collection charges:

Penalties and Collection Charges imposed exceeded budgetary expectations.

Fines:

Fines issued and paid exceeded budgetary expectations.

Income for Agency Services:

Income for Agency Services exceeded budgetary expectations.

Government Grants and Subsidies Received:

Capital Transfers below are included in the budget for Government Grants and Subsidies Received.

Rental of Facilities and Equipment:

It was over-budgeted for rental received for the Plantation.

Interest Earned - External Investments:

It was not budgeted for Unspent Grants at year-end.

Interest Earned - Outstanding Debtors:

Interest raised on Arrear Debt exceeded budgetary expectations.

Collection Costs:

Budget not aligned to GRAP - included in budget for General Expenses.

Impairment Losses:

It was not budgeted for Impairment Losses.

Repairs and Maintenance:

Budget not aligned to GRAP - included in budget for General Expenses.

Contracted Services:

It was under-budgeted for expenditure incurred for the Plantation.

General Expenses :

Budget not aligned to GRAP - General Expenses include other streams of expenditure.

Loss on Disposal of Property, Plant and Equipment:

It was not budgeted for Loss on Disposal of Property, Plant and Equipment.

Transfers Recognised - Capital:

Capital Transfers are included in the budget for Government Grants and Subsidies Received above.

| Description | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
|---|-----------------------|--------------------|--------------------------|-------------------|-------------|-------------------|-------------------|--------------------------|---------------------|-------------------------------------|--|
| | R | R | R | R | R | R | R | R | R | R | R |
| CAPITAL EXPENDITURE PER FUNCTION | | | | | | | | | | | |
| Executive and Council | 4 000 | 40 000 | 44 000 | - | 12 950 | 56 950 | 49 459 | - | (7 491) | 86.85 | 1 236.47 |
| Finance and Administration | 51 000 | 719 000 | 770 000 | - | (14 000) | 756 000 | 190 564 | - | (565 436) | 25.21 | 373.66 |
| Planning and Development | 1 920 000 | (1 762 000) | 158 000 | - | 400 750 | 558 750 | 117 680 | - | (441 070) | 21.06 | 6.13 |
| Community and Social Services | 331 000 | 9 000 | 340 000 | - | (500) | 339 500 | 265 096 | - | (74 404) | 78.08 | 80.09 |
| Public Safety | 207 000 | 991 000 | 1 198 000 | - | 23 000 | 1 221 000 | 858 375 | - | (362 625) | 70.30 | 414.67 |
| Sport and Recreation | 61 000 | 1 582 000 | 1 643 000 | - | 1 852 210 | 3 495 210 | 2 113 774 | - | (1 381 436) | 60.48 | 3 465.20 |
| Roads and Transport | 17 817 000 | 9 261 182 | 27 078 182 | - | (2 274 410) | 24 803 772 | 17 612 437 | - | (7 191 336) | 71.01 | 98.85 |
| Total Capital Expenditure | 20 391 000 | 10 840 182 | 31 231 182 | - | - | 31 231 182 | 21 207 384 | - | (10 023 799) | 67.90 | 104.00 |
| Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual | | | | | | | | | | | |
| Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below: | | | | | | | | | | | |
| Executive and Council: Immaterial amount. | | | | | | | | | | | |
| Finance and Administration: Land budgeted for, was not purchased. | | | | | | | | | | | |
| Planning and Development: Enhancing of Entrance Points to Richmond town budgeted for, was not undertaken. | | | | | | | | | | | |
| Community and Social Services: Repairs and Maintenance projects budgeted for under capital. | | | | | | | | | | | |
| Public Safety: Richmond Drivers' Testing Centre budgeted for, was not completed and is carried over to 2013/14. | | | | | | | | | | | |
| Sport and Recreation: MIG Projects budgeted for, were not completed and are carried over to 2013/14. | | | | | | | | | | | |
| Roads and Transport: MIG Projects budgeted for, were not completed and are carried over to 2013/14. | | | | | | | | | | | |

| Description | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget |
|---|-----------------------|---------------------|--------------------------|-------------------|---------------|--------------------|------------------|--------------------------|-------------------|-------------------------------------|--|
| | R | R | R | R | R | R | R | R | R | R | R |
| CASH FLOW | | | | | | | | | | | |
| Cash Flows from/(used in) Operating Activities | | | | | | | | | | | |
| Property Rates | 9 276 000 | - | 9 276 000 | - | - | 9 276 000 | 8 642 423 | - | (633 577) | 93.17 | 93.17 |
| Grants | 48 540 000 | 2 005 000 | 50 545 000 | - | - | 50 545 000 | 58 957 846 | 8 412 846 | 8 412 846 | 116.64 | 121.46 |
| Service Charges | - | - | - | - | - | - | 102 273 | 102 273 | 102 273 | 0.00 | 0.00 |
| Interest Received | 1 350 000 | - | 1 350 000 | - | - | 1 350 000 | 1 695 342 | 345 342 | 345 342 | 125.58 | 125.58 |
| Other Receipts | - | - | - | - | - | - | 1 716 962 | 1 716 962 | 1 716 962 | 0.00 | 0.00 |
| Employee Related Costs | - | - | - | - | - | - | (21 791 966) | - | (21 791 966) | 0.00 | 0.00 |
| Remuneration of Councillors | - | - | - | - | - | - | (3 477 164) | - | (3 477 164) | 0.00 | 0.00 |
| Interest Paid | (6 500) | - | (6 500) | - | - | (6 500) | (184 456) | - | (177 956) | 0.00 | 0.00 |
| Suppliers Paid | (37 485 000) | - | (37 485 000) | - | - | (37 485 000) | (2 693 825) | 34 791 175 | 34 791 175 | 0.00 | 0.00 |
| Other Payments | (59 000) | - | (59 000) | - | 59 000 | - | (15 859 663) | - | (15 859 663) | 0.00 | 0.00 |
| Cash Flows from/(used in) Investing Activities | | | | | | | | | | | |
| Purchase of Property, Plant and Equipment | (20 391 000) | (10 840 000) | (31 231 000) | - | - | (31 231 000) | (21 207 384) | 10 023 616 | 10 023 616 | 0.00 | 0.00 |
| Proceeds on Disposal of Property, Plant and Equipment | 1 652 000 | (1 652 000) | - | - | - | - | (102 059) | - | (102 059) | 0.00 | 0.00 |
| Decrease / (Increase) in Long-term Receivables | - | - | - | - | - | - | 25 125 | 25 125 | 25 125 | 0.00 | 0.00 |
| Cash Flows from/(used in) Financing Activities | | | | | | | | | | | |
| New Loans raised | - | - | - | - | - | - | - | - | - | 0.00 | 0.00 |
| Loans repaid | - | - | - | - | - | - | (140 362) | - | (140 362) | 0.00 | 0.00 |
| Cash and Cash Equivalents at End of the Year | 2 876 500 | (10 487 000) | (7 610 500) | - | 59 000 | (7 551 500) | 5 683 092 | 55 417 339 | 13 234 592 | 0.00 | 197.57 |

Cash Flow: Explanation of Variances between Approved Budget and Actual

Reasons for Variances greater than 10% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Grants

It was under-budgeted for Grants.

Service Charges

Budget not aligned to GRAP - included in budget for Property Rates.

Interest Received

It was under-budgeted for Interest Received.

Other Receipts

Budget not aligned to GRAP - included in budget for Property Rates.

Employee Related Costs

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Remuneration of Councillors

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Interest Paid

Immaterial amount.

Suppliers Paid

Budget not aligned to GRAP - other streams of expenditure included in budget for Suppliers Paid.

Other Payments

Budget not aligned to GRAP - included in budget for Suppliers Paid.

Purchase of Property, Plant and Equipment:

It was over-budgeted for Purchase of Property, Plant and Equipment.

Proceeds on Disposal of Property, Plant and Equipment:

It was not budgeted for Proceeds on Disposal of Property, Plant and Equipment.

Decrease / (Increase) in Long-term Receivables:

It was not budgeted for Decrease / (Increase) in Long-term Receivables.

Loans repaid:

It was not budgeted for Loans Repaid.

Cash and Cash Equivalents at End of the Year:

It was under-budgeted for Cash and Cash Equivalents.

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

| Description | 2012/13 | | 2011/12 |
|---|-------------------|--|-------------------|
| | R | | R |
| Net surplus/(deficit) per the statement of financial performance | 14 332 375 | | 10 240 599 |
| Revenue from Non-exchange Transactions | | | |
| Property Rates | (1 348 051) | | (102 267) |
| Property Rates - Penalties imposed and collection charges | (406 897) | | (493 032) |
| Fines | (113 866) | | 403 341 |
| Licences and Permits | 33 361 | | 1 585 935 |
| Revenue for Agency Services | (47 681) | | (154 376) |
| Government Grants and Subsidies Received | 13 746 653 | | 8 390 514 |
| Revenue from Exchange Transactions | | | |
| Service Charges | 9 787 | | 241 852 |
| Rental of Facilities and Equipment | 126 624 | | (2 155 933) |
| Interest Earned - External Investments | (195 342) | | (420 518) |
| Interest Earned - Outstanding Debtors | (41 949) | | (46 888) |
| Other Revenue | (31 294) | | 4 732 191 |
| Other Gains on Continued Operations | - | | (126 458) |
| Expenditure | | | |
| Employee Related Costs | 1 066 391 | | (831 336) |
| Remuneration of Councillors | (168 036) | | 83 328 |
| Collection Costs | (22 204) | | (133 061) |
| Depreciation and Amortisation | (543 978) | | (962 954) |
| Impairment Losses | 3 916 976 | | 431 420 |
| Repairs and Maintenance | (781 761) | | (723 104) |
| Finance Costs | 165 080 | | 178 248 |
| Contracted Services | 575 398 | | 1 324 194 |
| Grants and Subsidies Paid | (294 572) | | 1 099 918 |
| General Expenses | (4 252 672) | | (5 061 368) |
| Loss on Disposal of Property, Plant and Equipment | 151 596 | | 9 200 |
| Net surplus/deficit per approved budget | 25 875 936 | | 17 509 447 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|---------------|----------------|
| 1. GENERAL INFORMATION | | |
| <p>Richmond Local Municipality (the municipality) is a local government institution in Richmond, Kwa-Zulu Natal Province, and is one of six local municipalities under the jurisdiction of the uMgungundlovu District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction of the Annual Report. The principal activities of the municipality are disclosed in the Annual Report and are prescribed by the Municipal Finance Management Act (MFMA).</p> | | |
| 2. INVENTORIES | | |
| Consumable Stores - at cost | 26 299 | 175 162 |
| Total Inventories | 26 299 | 175 162 |

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

The cost of Inventories recognised as an expense during the period was R409 106 (2012: R417 253).

No Inventories have been pledged as collateral for Liabilities of the municipality.

3. NON-CURRENT ASSETS HELD-FOR-SALE

| | | |
|---|------------------|------------------|
| Property Held-for-Sale - at cost | 1 545 536 | 1 113 114 |
| Net Non-current Assets Held-for-Sale | 1 545 536 | 1 113 114 |

The prior year amount for *Non-current Assets Held-for-Sale* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *Non-current Assets Held-for-Sale* has been adjusted. Refer to Note 40.6 on "Correction of Error" for details of the restatement.

3.1 Property Held-for-Sale

The municipality holds property for sale in the following categories of assets:

| | | |
|-------------------------------------|------------------|------------------|
| Land | 963 384 | 963 384 |
| Vehicles | 582 153 | 149 730 |
| Total Property Held-for-Sale | 1 545 536 | 1 113 114 |

Furthermore, the municipality intends to dispose of a parcel of land it no longer utilises. A search is underway for a buyer. No impairment loss was recognised on reclassification of the property as held-for-sale nor at 30 June 2013.

The municipality intends to dispose of vehicles within the next three months. No impairment loss was recognised on reclassification of the property as held-for-sale nor at 30 June 2013.

4. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|---|------------------------|----------------------------------|----------------------|
| As at 30 June 2013 | | | |
| Service Debtors: | 180 515 | 98 043 | 82 472 |
| Refuse | 180 515 | 98 043 | 82 472 |
| Other Receivables | 1 256 296 | 114 554 | 1 141 742 |
| Total Receivables from Exchange Transactions | 1 436 811 | 212 597 | 1 224 213 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R | |
|---|------------------------|----------------------------------|----------------------|
| | Gross Balances R | Provision for Impairment R | Net Balances R |
| As at 30 June 2012 | | | |
| Service Debtors: | 117 625 | 62 859 | 54 766 |
| Refuse | 117 625 | 62 859 | 54 766 |
| Other Receivables | 1 121 855 | 185 982 | 935 873 |
| Total Receivables from Exchange Transactions | 1 239 480 | 248 841 | 990 639 |

The prior year amount for *Receivables from Exchange Transactions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Other Receivables include outstanding debtors for various other services, e.g. Deposits, Interest, Rentals and Sundry Services like Dumping Fees, Impounding Fees, etc.

Receivables from Exchange Transactions are billed monthly, latest end of month. No interest is charged on Receivables until the end of the following month. Thereafter interest is charged at a rate determined by council on the outstanding balance. The municipality strictly enforces its approved credit control policy to ensure the recovery of Receivables.

The municipality receives applications that it processes. There are no consumers who represent more than 5% of the total balance of Receivables.

At 30 June 2013, the municipality is owed R973 083 (30 June 2012: R2 267 059) by National and Provincial Government.

The municipality did not pledge any of its Receivables as security for borrowing purposes.

4.1 Ageing of Receivables from Exchange Transactions

As at 30 June 2013

| | Current | Past Due | | | Total |
|--------------------------------|---------------|---------------|---------------|----------------|------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| Refuse: | | | | | |
| Gross Balances | 25 677 | 14 035 | 10 595 | 130 209 | 180 515 |
| Less: Provision for Impairment | - | - | - | 98 043 | 98 043 |
| Net Balances | 25 677 | 14 035 | 10 595 | 32 165 | 82 472 |
| Other Receivables: | | | | | |
| Gross Balances | 51 995 | 51 665 | 61 371 | 1 091 264 | 1 256 296 |
| Less: Provision for Impairment | - | - | - | 114 554 | 114 554 |
| Net Balances | 51 995 | 51 665 | 61 371 | 976 710 | 1 141 742 |

As at 30 June Receivables of R1 146 541 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Past Due | | | Total |
|--------------------------------|---------------|---------------|------------------|------------------|
| | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | |
| Gross Balances | 65 700 | 71 966 | 1 221 473 | 1 359 139 |
| Less: Provision for Impairment | - | - | 212 597 | 212 597 |
| Net Balances | 65 700 | 71 966 | 1 008 876 | 1 146 541 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | | | 2012 R | |
|--------------------------------|--------------------|---------------------|---------------------|------------------|----------------|
| As at 30 June 2012 | | | | | |
| | Current | Past Due | | | Total |
| | <i>0 - 30 days</i> | <i>31 - 60 Days</i> | <i>61 - 90 Days</i> | <i>+ 90 Days</i> | |
| Refuse: | | | | | |
| Gross Balances | 17 390 | 13 891 | 11 843 | 74 502 | 117 625 |
| Less: Provision for Impairment | - | - | - | 62 859 | 62 859 |
| Net Balances | 17 390 | 13 891 | 11 843 | 11 643 | 54 766 |
| Other Receivables: | | | | | |
| Gross Balances | 47 504 | 78 562 | 52 836 | 942 953 | 1 121 855 |
| Less: Provision for Impairment | | | | 185 982 | 185 982 |
| Net Balances | 47 504 | 78 562 | 52 836 | 756 971 | 935 873 |

As at 30 June Receivables of R925 745 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Past Due | | | Total |
|--------------------------------|---------------------|---------------------|------------------|----------------|
| | <i>31 - 60 Days</i> | <i>61 - 90 Days</i> | <i>+ 90 Days</i> | |
| All Receivables: | | | | |
| Gross Balances | 92 453 | 64 679 | 1 017 455 | 1 174 586 |
| Less: Provision for Impairment | - | - | 248 841 | 248 841 |
| Net Balances | 92 453 | 64 679 | 768 614 | 925 745 |

4.2 Summary of Receivables from Exchange Transactions by Customer Classification

| | Household | Industrial/ Commercial | National and Provincial Government | Other |
|---|----------------|---------------------------|--|---------------|
| | R | R | R | R |
| As at 30 June 2013 | | | | |
| <u>Current:</u> | | | | |
| 0 - 30 days | 12 468 | 30 199 | 22 703 | 12 302 |
| <u>Past Due:</u> | | | | |
| 31 - 60 Days | 20 774 | 28 282 | 14 308 | 2 336 |
| 61 - 90 Days | 15 507 | 28 173 | 5 614 | 22 671 |
| + 90 Days | 189 373 | 932 036 | 17 151 | 82 914 |
| Sub-total | 238 121 | 1 018 690 | 59 776 | 120 224 |
| Less: Provision for Impairment | 129 911 | 31 920 | - | 50 766 |
| Total Trade Receivables by Customer Classification | 108 210 | 986 770 | 59 776 | 69 457 |
| As at 30 June 2012 | | | | |
| <u>Current:</u> | | | | |
| 0 - 30 days | 30 748 | 29 024 | - | 5 122 |
| <u>Past Due:</u> | | | | |
| 31 - 60 Days | 42 052 | 27 507 | 18 710 | 4 184 |
| 61 - 90 Days | 5 763 | 27 266 | 24 210 | 7 440 |
| + 90 Days | 99 660 | 809 859 | 27 698 | 80 238 |
| Sub-total | 178 223 | 893 656 | 70 618 | 96 983 |
| Less: Provision for Impairment | 149 305 | 37 326 | - | 62 210 |
| Total Trade Receivables by Customer Classification | 28 919 | 856 330 | 70 618 | 34 773 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|----------------|----------------|
| 4.3 Reconciliation of the Provision for Impairment | | |
| Balance at beginning of year | 248 841 | 227 947 |
| Impairment Losses recognised | 35 184 | 53 989 |
| Impairment Losses reversed | (6 304) | (33 095) |
| Amounts written off as uncollectable | (65 124) | - |
| Balance at end of year | 212 597 | 248 841 |

In determining the recoverability of Receivables, the municipality has placed strong emphasis on verifying the indigent status of consumers. Provision for impairment of Receivables has been made for all consumer balances outstanding based on the payment ratio over 12 months per service type. No further credit provision is required in excess of the Provision for Impairment.

No provision has been made in respect of government debt as these amounts are considered to be fully recoverable.

4.4 Ageing of impaired Receivables from Exchange Transactions

Current:

| | | |
|-------------|---|---|
| 0 - 30 Days | - | - |
|-------------|---|---|

Past Due:

| | | |
|--------------|---|---|
| 31 - 60 Days | - | - |
|--------------|---|---|

| | | |
|--------------|---|---|
| 61 - 90 Days | - | - |
|--------------|---|---|

| | | |
|-----------|---------|---------|
| + 90 Days | 212 597 | 248 841 |
|-----------|---------|---------|

| | | |
|--------------|----------------|----------------|
| Total | 212 597 | 248 841 |
|--------------|----------------|----------------|

4.5 Derecognition of Financial Assets

No Financial Assets have been transferred to other parties during the year.

5. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|---|------------------------|----------------------------------|----------------------|
| As at 30 June 2013 | | | |
| Assessment Rates Debtors | 5 087 636 | 3 347 002 | 1 740 634 |
| Payments made in Advance | 2 364 | - | 2 364 |
| Accruals | 92 743 | - | 92 743 |
| Sundry Deposits | 9 300 | - | 9 300 |
| Sundry Debtors | 977 059 | 684 365 | 292 695 |
| Suspense Accounts | 10 247 | - | 10 247 |
| Total Receivables from Non-exchange Transactions | 6 179 349 | 4 031 367 | 2 147 982 |
| As at 30 June 2012 | | | |
| Assessment Rates Debtors | 5 182 008 | 2 093 132 | 3 088 877 |
| Payments made in Advance | 2 147 | - | 2 147 |
| Accruals | 51 353 | - | 51 353 |
| Sundry Deposits | 9 300 | - | 9 300 |
| Sundry Debtors | 2 480 694 | - | 2 480 694 |
| Suspense Accounts | 29 335 | - | 29 335 |
| Total Receivables from Non-exchange Transactions | 7 754 839 | 2 093 132 | 5 661 707 |

The prior year amount for *Receivables from Non-exchange Transactions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *Receivables from Non-exchange Transactions* has been adjusted. Refer to Note 40.6 on "Correction of Error" for details of the restatement.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

Sundry Deposits are in respect of cash deposits made to Caltex for the supply of fuel and uMgungundlovu District Municipality for the supply of water.

Sundry Debtors are in respect of debits outstanding at year-end on normal business transactions entered into by the municipality.

The municipality does not hold deposits or other security for its Receivables.

None of the Receivables have been pledged as security for the municipality's financial liabilities.

5.1 Ageing of Receivables from Non-exchange Transactions

As at 30 June 2013

| | Current | Past Due | | | Total |
|----------------------------------|----------------|----------------|----------------|------------------|------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| Assessment Rates: | | | | | |
| Gross Balances | 20 339 | 208 979 | 155 251 | 4 703 068 | 5 087 636 |
| Less: Provision for Impairment | - | - | - | 3 347 002 | 3 347 002 |
| Net Balances | 20 339 | 208 979 | 155 251 | 1 356 065 | 1 740 634 |
| Payments made in Advance: | | | | | |
| Gross Balances | 2 364 | - | - | - | 2 364 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 2 364 | - | - | - | 2 364 |
| Accruals: | | | | | |
| Gross Balances | 92 743 | - | - | - | 92 743 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 92 743 | - | - | - | 92 743 |
| Sundry Deposits: | | | | | |
| Gross Balances | 9 300 | - | - | - | 9 300 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 9 300 | - | - | - | 9 300 |
| Sundry Debtors: | | | | | |
| Gross Balances | 977 059 | - | - | - | 977 059 |
| Less: Provision for Impairment | 684 365 | - | - | - | 684 365 |
| Net Balances | 292 695 | - | - | - | 292 695 |
| Suspense Accounts: | | | | | |
| Gross Balances | 10 247 | - | - | - | 10 247 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 10 247 | - | - | - | 10 247 |

As at 30 June Receivables of R1 720 295 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Past Due | | | Total |
|--------------------------------|----------------|----------------|------------------|------------------|
| | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | |
| Gross Balances | 208 979 | 155 251 | 4 703 068 | 5 067 298 |
| Less: Provision for Impairment | - | - | 3 347 002 | 3 347 002 |
| Net Balances | 208 979 | 155 251 | 1 356 065 | 1 720 295 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

As at 30 June 2012

| | Current | Past Due | | | Total |
|----------------------------------|------------------|----------------|----------------|------------------|------------------|
| | 0 - 30 days | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| Assessment Rates: | | | | | |
| Gross Balances | 37 856 | 148 563 | 116 044 | 4 879 546 | 5 182 008 |
| Less: Provision for Impairment | - | - | - | 2 093 132 | 2 093 132 |
| Net Balances | 37 856 | 148 563 | 116 044 | 2 786 415 | 3 088 877 |
| Payments made in Advance: | | | | | |
| Gross Balances | 2 147 | - | - | - | 2 147 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 2 147 | - | - | - | 2 147 |
| Accruals: | | | | | |
| Gross Balances | 51 353 | - | - | - | 51 353 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 51 353 | - | - | - | 51 353 |
| Sundry Deposits: | | | | | |
| Gross Balances | 9 300 | - | - | - | 9 300 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 9 300 | - | - | - | 9 300 |
| Sundry Debtors: | | | | | |
| Gross Balances | 2 480 694 | - | - | - | 2 480 694 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 2 480 694 | - | - | - | 2 480 694 |
| Suspense Accounts: | | | | | |
| Gross Balances | 29 335 | - | - | - | 29 335 |
| Less: Provision for Impairment | - | - | - | - | - |
| Net Balances | 29 335 | - | - | - | 29 335 |

As at 30 June Receivables of R3 051 021 were past due but not impaired. The age analysis of these Receivables are as follows:

| | Past Due | | | Total |
|--------------------------------|----------------|----------------|------------------|------------------|
| | 31 - 60 Days | 61 - 90 Days | + 90 Days | |
| All Receivables: | | | | |
| Gross Balances | 148 563 | 116 044 | 4 879 546 | 5 144 153 |
| Less: Provision for Impairment | - | - | 2 093 132 | 2 093 132 |
| Net Balances | 148 563 | 116 044 | 2 786 415 | 3 051 021 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R | | |
|---|-----------------------|-----------------------------------|---|----------------------|
| 5.2 Summary of Assessment Rates Debtors by Customer Classification | | | | |
| | Household | Industrial/ Commercial | National and Provincial Government | Other |
| | R | R | R | R |
| As at 30 June 2013 | | | | |
| <i>Current:</i> | | | | |
| 0 - 30 days | 7 977 | - | - | 12 362 |
| <i>Past Due:</i> | | | | |
| 31 - 60 Days | 93 806 | 29 810 | 379 | 84 983 |
| 61 - 90 Days | 66 128 | 24 939 | 379 | 63 806 |
| + 90 Days | <u>1 740 098</u> | <u>721 030</u> | <u>912 549</u> | <u>1 329 390</u> |
| Sub-total | 1 908 009 | 775 779 | 913 307 | 1 490 541 |
| Less: Provision for Impairment | <u>1 576 278</u> | <u>296 861</u> | - | <u>1 473 863</u> |
| Total Rates Debtors by Customer Classification | <u>331 731</u> | <u>478 918</u> | <u>913 307</u> | <u>16 678</u> |
| As at 30 June 2012 | | | | |
| <i>Current:</i> | | | | |
| 0 - 30 days | 37 856 | - | - | - |
| <i>Past Due:</i> | | | | |
| 31 - 60 Days | 147 678 | 524 | - | 362 |
| 61 - 90 Days | 65 193 | 17 175 | 152 | 33 523 |
| + 90 Days | <u>1 073 470</u> | <u>712 816</u> | <u>2 196 289</u> | <u>896 971</u> |
| Sub-total | 1 324 197 | 730 515 | 2 196 441 | 930 855 |
| Less: Provision for Impairment | <u>1 088 428</u> | <u>167 451</u> | - | <u>837 253</u> |
| Total Rates Debtors by Customer Classification | <u>235 768</u> | <u>563 064</u> | <u>2 196 441</u> | <u>93 603</u> |

5.3 Reconciliation of Provision for Impairment

| | | |
|--------------------------------------|-------------------------|-------------------------|
| Balance at beginning of year | 2 093 132 | 1 646 091 |
| Impairment Losses recognised | 1 938 406 | 452 174 |
| Impairment Losses reversed | - | - |
| Amounts written off as uncollectable | (171) | (5 133) |
| Balance at end of year | <u>4 031 367</u> | <u>2 093 132</u> |

The Provision for Impairment was calculated after grouping all the financial assets of similar nature and risk ratings and by calculating the historical payment ratios for the groupings and by assuming that the future payment ratios would be similar to the historical payment ratios.

In determining the recoverability of a Rates Assessment Debtor and Receivables from Non-exchange Transactions, the municipality considers any change in the credit quality of the Rates Assessment Debtor from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that there is no further credit provision required in excess of the Provision for Impairment.

No Provision for Impairment has been made in respect of government debt as these amounts are considered to be fully recoverable.

Furthermore, no Provision for Impairment was calculated on Receivables other than Assessment Rates Debtors as the management is of the opinion that all Receivables are recoverable within normal credit terms.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--------------------------|----------------|------------------|
| 6. VAT RECEIVABLE | | |
| Vat Receivable | <u>745 287</u> | <u>1 136 189</u> |

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

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

7. CASH AND CASH EQUIVALENTS

| | | |
|--|--------------------------|--------------------------|
| Current Investments | 42 565 733 | 36 700 683 |
| Bank Accounts | 835 704 | 1 017 662 |
| Cash and Cash Equivalents | 3 200 | 3 200 |
| Total Bank, Cash and Cash Equivalents | <u>43 404 637</u> | <u>37 721 545</u> |

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

7.1 Current Investment Deposits

| | | |
|--|--------------------------|--------------------------|
| Call Deposits | 42 565 733 | 36 700 683 |
| Total Current Investment Deposits | <u>42 565 733</u> | <u>36 700 683</u> |

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 4,30 % to 5,22 % (2012: 4,40% to 5,30%) per annum.

| | | |
|---|--------------------------|--------------------------|
| Deposits attributable to Unspent Conditional Grants | 19 959 805 | 21 765 192 |
| Deposits attributable to Creditors | 5 696 584 | 4 120 965 |
| Deposits attributable to Current Provisions | 226 546 | 153 000 |
| Deposits attributable to Rehabilitation of Landfill Site | 1 903 801 | 1 737 769 |
| Deposits attributable to Long-service Awards | 1 072 196 | 752 000 |
| Deposits attributable to Retirement Benefits | 6 812 587 | 5 164 351 |
| Deposits attributable to Provision for Impairment | 4 243 964 | 2 341 973 |
| Deposits available for Operations | 2 650 249 | 665 433 |
| Total Deposits attributable to Commitments of the Municipality | <u>42 565 733</u> | <u>36 700 683</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|----------------------------|----------------|------------------|
| 7.2 Bank Accounts | | |
| Cash in Bank | 835 704 | 1 017 662 |
| Total Bank Accounts | 835 704 | 1 017 662 |

The Municipality has the following bank accounts:

Primary Bank Account

First National Bank - Richmond Branch, Richmond - Account Number 535 6532 2104:

| | | |
|---|-----------|-----------|
| Cash book balance at beginning of year | 1 017 662 | 1 752 792 |
| Cash book balance at end of year | 835 704 | 1 017 662 |
| Bank statement balance at beginning of year | 1 017 662 | 1 752 792 |
| Bank statement balance at end of year | 835 704 | 1 017 662 |

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

7.3 Cash and Cash Equivalents

| | | |
|--|--------------|--------------|
| Cash Floats and Advances | 3 200 | 3 200 |
| Total Cash on hand in Cash Floats, Advances and Equivalents | 3 200 | 3 200 |

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

8. CURRENT PORTION OF LONG-TERM RECEIVABLES

| | | |
|---|---------------|---------------|
| Housing | - | - |
| Umgungundlovu District Municipality | 22 600 | 20 768 |
| Total Current Portion of Long-term Receivables | 22 600 | 20 768 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 PROPERTY, PLANT AND EQUIPMENT

30 June 2013

Reconciliation of Carrying Value

| Description | Land | Buildings | Infra-structure | Community | Other | Leased Infra-structure | Total |
|---|------------------|------------------|-------------------|-------------------|------------------|------------------------|--------------------|
| | R | R | R | R | R | R | R |
| Carrying values at 01 July 2012 | 8 146 586 | 9 799 293 | 39 869 657 | 20 238 764 | 8 160 964 | 240 414 | 86 455 679 |
| Cost | 8 146 586 | 11 625 988 | 50 049 490 | 21 871 193 | 12 983 964 | 363 953 | 105 041 172 |
| - Completed Assets | 8 146 586 | 11 625 988 | 37 647 008 | 13 244 098 | 12 983 964 | 363 953 | 84 011 595 |
| - Under Construction | - | - | 12 402 482 | 8 627 095 | - | - | 21 029 577 |
| Correction of error (Note 40) | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | (161 224) | (720 740) | (57 055) | (118 980) | - | (1 057 999) |
| Accumulated Depreciation: | - | (1 665 470) | (9 459 093) | (1 575 374) | (4 704 019) | (123 539) | (17 527 495) |
| - Cost | - | (1 665 470) | (9 459 093) | (1 575 374) | (4 704 019) | (123 539) | (17 527 495) |
| - Revaluation | - | - | - | - | - | - | - |
| Acquisitions | - | - | - | - | 1 821 270 | - | 1 821 270 |
| Borrowing Costs Capitalised | - | - | - | - | - | - | - |
| Capital under Construction - Additions: | - | - | 15 644 904 | 3 741 210 | - | - | 19 386 114 |
| - Cost | - | - | 15 644 904 | 3 741 210 | - | - | 19 386 114 |
| - Borrowing Costs Capitalised | - | - | - | - | - | - | - |
| Increases in Revaluation | - | - | - | - | - | - | - |
| Reversals of Impairment Losses | - | - | - | - | - | - | - |
| Depreciation: | - | (395 000) | (1 984 480) | (482 325) | (1 314 318) | (121 234) | (4 297 357) |
| - Based on Cost | - | (395 000) | (1 984 480) | (482 325) | (1 314 318) | (121 234) | (4 297 357) |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying value of Disposals: | - | (132 806) | (3 888) | (14 901) | 102 059 | - | (49 536) |
| - Cost | - | (267 169) | (25 011) | (267 169) | - | - | (559 349) |
| - Revaluation | - | - | - | - | - | - | - |
| - Accumulated Impairment Losses | - | - | 6 234 | - | 102 059 | - | 108 293 |
| - Accumulated Depreciation | - | 134 363 | 14 888 | 252 268 | - | - | 401 520 |
| - Based on Cost | - | 134 363 | 14 888 | 252 268 | - | - | 401 520 |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying value of Transfers to Held-for-Sale: | - | - | - | - | (534 482) | - | (534 482) |
| - Cost | - | - | - | - | (887 930) | - | (887 930) |
| - Revaluation | - | - | - | - | - | - | - |
| - Accumulated Impairment Losses | - | - | - | - | - | - | - |
| - Accumulated Depreciation | - | - | - | - | 353 449 | - | 353 449 |
| - Based on Cost | - | - | - | - | 353 449 | - | 353 449 |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Decreases in Revaluation | - | - | - | - | - | - | - |
| Impairment Losses | - | - | (7 328) | - | (26 099) | - | (33 427) |
| Capital under Construction - Completed | - | - | (10 502 469) | (8 965 136) | - | - | (19 467 604) |
| Other Movements | - | 508 553 | 10 958 650 | 7 984 402 | 15 999 | - | 19 467 604 |
| - Cost | - | 508 553 | 10 958 650 | 7 984 402 | 15 999 | - | 19 467 604 |
| - Revaluation | - | - | - | - | - | - | - |
| - Accumulated Impairment Losses | - | - | - | - | - | - | - |
| - Accumulated Depreciation | - | - | - | - | - | - | - |
| - Based on Cost | - | - | - | - | - | - | - |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying values at 30 June 2013 | 8 146 586 | 9 780 041 | 53 975 046 | 22 502 014 | 8 225 394 | 119 180 | 102 748 260 |
| Cost | 8 146 586 | 11 867 372 | 66 125 565 | 24 364 499 | 13 933 303 | 363 953 | 124 801 277 |
| - Completed Assets | 8 146 586 | 11 867 372 | 48 580 647 | 20 961 331 | 13 933 303 | 363 953 | 103 853 190 |
| - Under Construction | - | - | 17 544 918 | 3 403 169 | - | - | 20 948 086 |
| Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | (161 224) | (721 834) | (57 055) | (43 020) | - | (983 133) |
| Accumulated Depreciation: | - | (1 926 107) | (11 428 685) | (1 805 431) | (5 664 888) | (244 773) | (21 069 884) |
| - Cost | - | (1 926 107) | (11 428 685) | (1 805 431) | (5 664 888) | (244 773) | (21 069 884) |
| - Revaluation | - | - | - | - | - | - | - |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

30 June 2012

Reconciliation of Carrying Value

| Description | Land | Buildings | Infra-structure | Community | Other | Leased Infra-structure | Total |
|---|------------------|------------------|-------------------|-------------------|------------------|------------------------|-------------------|
| | R | R | R | R | R | R | R |
| Carrying values at 01 July 2011 | 8 146 586 | 9 859 966 | 34 731 438 | 15 498 107 | 6 721 635 | 141 621 | 75 099 353 |
| Cost | 8 146 586 | 11 129 694 | 43 489 935 | 16 701 314 | 10 579 650 | 149 655 | 90 196 834 |
| - Completed Assets | 8 146 586 | 11 129 694 | 34 972 747 | 10 396 166 | 10 579 650 | 149 655 | 75 374 498 |
| - Under Construction | - | - | 8 517 188 | 6 305 148 | - | - | 14 822 336 |
| Correction of error (Note 40) | - | - | - | - | - | - | - |
| Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | (1 816) | (922 135) | (26 881) | (148 815) | - | (1 099 646) |
| Accumulated Depreciation: | - | (1 267 912) | (7 836 362) | (1 176 326) | (3 709 200) | (8 035) | (13 997 835) |
| - Cost | - | (1 267 912) | (7 836 362) | (1 176 326) | (3 709 200) | (8 035) | (13 997 835) |
| - Revaluation | - | - | - | - | - | - | - |
| Acquisitions | - | 207 124 | 36 564 | - | 3 024 392 | 214 297 | 3 482 378 |
| Borrowing Costs Capitalised | - | - | - | - | - | - | - |
| Capital under Construction - Additions: | - | - | 6 522 991 | 5 459 048 | - | - | 11 982 039 |
| - Cost | - | - | 6 522 991 | 5 459 048 | - | - | 11 982 039 |
| - Borrowing Costs Capitalised | - | - | - | - | - | - | - |
| Increases in Revaluation | - | - | - | - | - | - | - |
| Reversals of Impairment Losses | - | - | 203 110 | 2 642 | 42 869 | - | 248 621 |
| Depreciation: | - | (397 558) | (1 622 731) | (399 048) | (1 186 455) | (115 504) | (3 721 297) |
| - Based on Cost | - | (397 558) | (1 622 731) | (399 048) | (1 186 455) | (115 504) | (3 721 297) |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying value of Disposals: | - | - | - | - | (334 200) | - | (334 200) |
| - Cost | - | - | - | - | (385 079) | - | (385 079) |
| - Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | - | - | - | - | - | - |
| Accumulated Depreciation | - | - | - | - | 50 878 | - | 50 878 |
| - Based on Cost | - | - | - | - | 50 878 | - | 50 878 |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying value of Transfers to Held-for-Sale: | - | - | - | - | (94 242) | - | (94 242) |
| - Cost | - | - | - | - | (235 000) | - | (235 000) |
| - Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | - | - | - | - | - | - |
| Accumulated Depreciation | - | - | - | - | 140 758 | - | 140 758 |
| - Based on Cost | - | - | - | - | 140 758 | - | 140 758 |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Decreases in Revaluation | - | - | - | - | - | - | - |
| Impairment Losses | - | (159 408) | (1 715) | (32 816) | (13 034) | - | (206 973) |
| Capital under Construction - Completed | - | - | (2 637 697) | (3 137 102) | - | - | (5 774 798) |
| Other Movements | - | 289 169 | 2 637 697 | 2 847 932 | - | - | 5 774 798 |
| - Cost | - | 289 169 | 2 637 697 | 2 847 932 | - | - | 5 774 798 |
| - Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | - | - | - | - | - | - |
| Accumulated Depreciation | - | - | - | - | - | - | - |
| - Based on Cost | - | - | - | - | - | - | - |
| - Based on Revaluation | - | - | - | - | - | - | - |
| Carrying values at 30 June 2012 | 8 146 586 | 9 799 293 | 39 869 657 | 20 238 764 | 8 160 964 | 240 414 | 86 455 679 |
| Cost | 8 146 586 | 11 625 988 | 50 049 490 | 21 871 193 | 12 983 964 | 363 953 | 105 041 172 |
| - Completed Assets | 8 146 586 | 11 625 988 | 37 647 008 | 13 244 098 | 12 983 964 | 363 953 | 84 011 595 |
| - Under Construction | - | - | 12 402 482 | 8 627 095 | - | - | 21 029 577 |
| Revaluation | - | - | - | - | - | - | - |
| Accumulated Impairment Losses | - | (161 224) | (720 740) | (57 055) | (118 980) | - | (1 057 999) |
| Accumulated Depreciation: | - | (1 665 470) | (9 459 093) | (1 575 374) | (4 704 019) | (123 539) | (17 527 495) |
| - Cost | - | (1 665 470) | (9 459 093) | (1 575 374) | (4 704 019) | (123 539) | (17 527 495) |
| - Revaluation | - | - | - | - | - | - | - |

9 PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, Plant and Equipment have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 39.5 on "Change in Accounting Policy" for details of the restatement.

Furthermore, the prior year amount for *Property, Plant and Equipment* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *Property, Plant and Equipment* has been adjusted. Refer to Note 40.6 on "Correction of Error" for details of the restatement.

Other movements of Property, Plant and Equipment are in respect of Work-in-Progress completed and transferred to Cost.

The leased Property, Plant and Equipment is secured as set out in Note 20.

Refer to Appendices "B, C and E (4)" for more detail on Property, Plant and Equipment, including those in the course of construction.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|------------------|------------------|
| 9 PROPERTY, PLANT AND EQUIPMENT (Continued) | | |
| 9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use | | |
| There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality. | | |
| 9.2 Carrying Amount of Property, Plant and Equipment retired from active use and held for disposal | | |
| Land | 963 384 | 963 384 |
| Other | 582 153 | 149 730 |
| Carrying Amount of PPE retired from active use and held for disposal | 1 545 536 | 1 113 114 |

9.3 Assets pledged as security

The municipality did not pledge any of its assets as security.

9.4 Impairment of Property, Plant and Equipment

Impairment Losses on Property, Plant and Equipment to the amount of R33 427 (2012: R205 163) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 33.

Reversals of Impairment Losses on Property, Plant and Equipment to the amount of R0 (2012: R246 811) has been recognised in operating surplus and are included in Impairment Losses in the Statement of Financial Performance as indicated in Note 33.

The amount disclosed for impairment losses on Property, Plant and Equipment does not include individually material amounts of impairment losses. However, cumulative impairment losses for the following significant account balances are included therein:

| | | |
|--|---------------|-----------------|
| Buildings | - | 159 408 |
| Infrastructure: Roads | 7 328 | (201 395) |
| Community Assets: Sports Facilities | - | (2 642) |
| Community Assets: Other Facilities | - | 32 816 |
| Other Assets: Computer Equipment | 1 785 | 3 880 |
| Other Assets: Emergency Equipment | 5 520 | - |
| Other Assets: Furniture and Fittings | 3 834 | 5 192 |
| Other Assets: Motor Vehicles | - | (95) |
| Other Assets: Office Equipment | 6 152 | 3 868 |
| Other Assets: Plant and Equipment | 4 523 | (7 677) |
| Other Assets: Specialised Vehicles | 4 285 | (35 002) |
| Total Impairment of Property, Plant and Equipment | 33 427 | (41 648) |

Impairment losses on Property, Plant and Equipment exist predominantly due to technological obsolescence of information technology equipment. The remainder of impaired items of Property, Plant and Equipment have been physically damaged, stolen or have become redundant and idle.

9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed

There was no change (2011/12: R0) in the estimated useful life of various assets of the municipality for the financial year.

9.6 Land and Buildings carried at Fair Value

The municipality's Land and Buildings are accounted for according to the cost model and therefore no fair value has been determined.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------------------|---------------|
| 10 INTANGIBLE ASSETS | | |
| At Cost less Accumulated Amortisation and Accumulated Impairment Losses | 14 323 | 23 378 |
| The movement in Intangible Assets is reconciled as follows: | | |
| | Computer Software | Total |
| Carrying values at 01 July 2012 | 23 378 | 23 378 |
| Cost | 87 482 | 87 482 |
| Accumulated Amortisation | (64 104) | (64 104) |
| Acquisitions: | - | - |
| Purchased | - | - |
| Amortisation: | (9 055) | (9 055) |
| Purchased | (9 055) | (9 055) |
| Carrying values at 30 June 2013 | 14 323 | 14 323 |
| Cost | 87 482 | 87 482 |
| Accumulated Amortisation | (73 159) | (73 159) |
| | Computer Software | Total |
| Carrying values at 01 July 2011 | 33 798 | 33 798 |
| Cost | 87 482 | 87 482 |
| Accumulated Amortisation | (53 684) | (53 684) |
| Acquisitions: | - | - |
| Purchased | - | - |
| Amortisation: | (10 419) | (10 419) |
| Purchased | (10 419) | (10 419) |
| Carrying values at 30 June 2012 | 23 378 | 23 378 |
| Cost | 87 482 | 87 482 |
| Accumulated Amortisation | (64 104) | (64 104) |

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 32).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

10.1 Significant Intangible Assets

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

10.2 Intangible Assets with Indefinite Useful Lives

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

Amortisation is charged on a straight-line basis over the Intangible Assets' useful lives.

10.3 Impairment of Intangible Assets

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

11 INVESTMENT PROPERTY

At Cost less Accumulated Depreciation

4 114 852 4 114 852

The movement in Investment Property is reconciled as follows:

Carrying values at 1 July

4 114 852 4 114 852

Cost

4 114 852 4 114 852

Accumulated Depreciation

- -

Acquisitions during the Year

- -

Depreciation during the Year

- -

Carrying values at 30 June

4 114 852 4 114 852

Cost

4 114 852 4 114 852

Accumulated Depreciation

- -

Estimated Fair Value of Investment Property at 30 June

7 280 000 7 280 000

Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property

390 330 748 339

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

11.1 Investment Property carried at Fair Value

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

11.2 Impairment of Investment Property

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|----------------|----------------|
| 12 HERITAGE ASSETS | | |
| At Cost less Accumulated Impairment Losses | <u>128 080</u> | <u>128 080</u> |

The movement in Heritage Assets is reconciled as follows:

| | Cultural Buildings | Municipal Jewellery | Total |
|--|-------------------------------|--------------------------------|----------------|
| Carrying values at 01 July 2012 | 57 880 | 70 200 | 128 080 |
| Cost | 57 880 | 70 200 | 128 080 |
| Accumulated Impairment | - | - | - |
| Acquisitions | - | - | - |
| Impairment Losses Recognised | - | - | - |
| Carrying values at 30 June 2013 | 57 880 | 70 200 | 128 080 |
| Cost | 57 880 | 70 200 | 128 080 |
| Accumulated Impairment Losses | - | - | - |
| | Cultural Buildings | Municipal Jewellery | Total |
| Carrying values at 01 July 2011 | 57 880 | 70 200 | 128 080 |
| Cost | 57 880 | 70 200 | 128 080 |
| Accumulated Impairment | - | - | - |
| Acquisitions | - | - | - |
| Impairment Losses Recognised | - | - | - |
| Carrying values at 30 June 2012 | 57 880 | 70 200 | 128 080 |
| Cost | 57 880 | 70 200 | 128 080 |
| Accumulated Impairment Losses | - | - | - |

Heritage Assets have been restated to correctly classify amounts held for Heritage Assets in terms of GRAP 103, previously included in Property, Plant and Equipment. Refer to Note 39.5 on "Change in Accounting Policy" for details of the restatement.

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

12.1 Impairment of Heritage Assets

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

12.2 Heritage Assets measured after recognition using the Revaluation Model

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------|------------|
| 13 NON-CURRENT INVESTMENTS | | |
| Unlisted | | |
| Unlisted Shares | 266 | 266 |
| | <u>266</u> | <u>266</u> |
| Total Investments | | |
| All Investments | 266 | 266 |
| Less: Short-term Portion transferred to Current Investments | - | - |
| Total Non-current Investments | <u>266</u> | <u>266</u> |
| Council's valuation of Unlisted Investments | | |
| Unlisted Shares | 266 | 266 |
| | <u>266</u> | <u>266</u> |

The prior year amount for *Non-current Investments* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Unlisted Investments comprise the following:

(i) Unlisted Shares are investments in shares of NCT Forestry Co-operative Limited with no specific maturity dates or interest rates.

14 LONG-TERM RECEIVABLES

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|--|------------------------|----------------------------------|----------------------|
| As at 30 June 2013 | | | |
| Housing | 1 916 263 | 1 916 263 | - |
| uMgungundlovu District Municipality | 32 368 | - | 32 368 |
| | <u>1 948 631</u> | <u>1 916 263</u> | <u>32 368</u> |
| Less: Current Portion transferred to Current Receivables:- | | | 22 600 |
| Housing | | | - |
| uMgungundlovu District Municipality | | | 22 600 |
| Total Long-term Receivables | | | <u>9 768</u> |

| | Gross Balances R | Provision for Impairment R | Net Balances R |
|--|------------------------|----------------------------------|----------------------|
| As at 30 June 2012 | | | |
| Housing | 1 918 788 | - | 1 918 788 |
| uMgungundlovu District Municipality | 53 136 | - | 53 136 |
| | <u>1 971 924</u> | <u>-</u> | <u>1 971 924</u> |
| Less: Current Portion transferred to Current Receivables:- | | | 20 768 |
| Housing | | | - |
| uMgungundlovu District Municipality | | | 20 768 |
| Total Long-term Receivables | | | <u>1 951 156</u> |

The prior year amount for *Long-term Receivables* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | |
|------|------|
| 2013 | 2012 |
| R | R |

HOUSING

The municipality incurred expenditure on Housing Projects on behalf of the Department of Human Settlements. The department has to refund the municipality for the expenditure incurred.

UMGUNGUNDLOVU DISTRICT MUNICIPALITY

The Sanitation and Water Services were taken over by the District Municipality. The Municipality entered into a loan agreement with DBSA for the augmentation of these schemes. The loan was not taken over by the District Municipality, but the instalments are refunded to the Municipality by the District Municipality.

The municipality does not hold deposits or any other security for its Long-term Receivables.

No Long-term Receivables have been pledged as security for the municipality's financial liabilities.

14.1 Ageing of Long-term Receivables

Current:

| | | |
|-------------|---|---|
| 0 - 30 days | - | - |
|-------------|---|---|

Past Due:

| | | |
|--------------|---|---|
| 31 - 60 Days | - | - |
|--------------|---|---|

| | | |
|--------------|---|---|
| 61 - 90 Days | - | - |
|--------------|---|---|

| | | |
|---------------|---|---|
| 91 - 120 Days | - | - |
|---------------|---|---|

| | | |
|------------|---|---|
| + 120 Days | - | - |
|------------|---|---|

| | | |
|--------------|-----------|-----------|
| Total | 1 948 631 | 1 971 924 |
|--------------|-----------|-----------|

| | | |
|--|------------------|------------------|
| | 1 948 631 | 1 971 924 |
|--|------------------|------------------|

As at 30 June Long-term Receivables of R32 368 (2012: R1 971 924) were past due but not impaired. No terms for payment have been re-negotiated. The age analysis of these Long-term Receivables is as follows:

| | | |
|--------------|---|---|
| 31 - 60 Days | - | - |
|--------------|---|---|

| | | |
|--------------|---|---|
| 61 - 90 Days | - | - |
|--------------|---|---|

| | | |
|-----------|---|---|
| + 90 Days | - | - |
|-----------|---|---|

| | | |
|------------|---|---|
| + 120 Days | - | - |
|------------|---|---|

| | | |
|--|--------|-----------|
| | 32 368 | 1 971 924 |
|--|--------|-----------|

| | | |
|--------------|---------------|------------------|
| Total | 32 368 | 1 971 924 |
|--------------|---------------|------------------|

14.2 Reconciliation of the Provision for Impairment

| | | |
|------------------------------|---|---|
| Balance at beginning of year | - | - |
|------------------------------|---|---|

| | | |
|------------------------------|-----------|---|
| Impairment Losses recognised | 1 916 263 | - |
|------------------------------|-----------|---|

| | | |
|----------------------------|---|---|
| Impairment Losses reversed | - | - |
|----------------------------|---|---|

| | | |
|--------------------------------------|---|---|
| Amounts written off as uncollectable | - | - |
|--------------------------------------|---|---|

| | | |
|-------------------|---|---|
| Amounts recovered | - | - |
|-------------------|---|---|

| | | |
|-------------------------------|------------------|----------|
| Balance at end of year | 1 916 263 | - |
|-------------------------------|------------------|----------|

15 PROVISIONS

| | | |
|---|---------|---------|
| Current Portion of Post-retirement Medical Aid Benefits Liability (See Note 21) | 160 434 | 133 000 |
|---|---------|---------|

| | | |
|--|--------|--------|
| Current Portion of Non-Current Provisions (See Note 22): | 66 112 | 20 000 |
|--|--------|--------|

| | | |
|-------------------|--------|--------|
| Long-term Service | 66 112 | 20 000 |
|-------------------|--------|--------|

| | | |
|-----------------------------------|---|---|
| Rehabilitation of Land-fill Sites | - | - |
|-----------------------------------|---|---|

| | | |
|-------------------------|----------------|----------------|
| Total Provisions | 226 546 | 153 000 |
|-------------------------|----------------|----------------|

The prior year amount for *Provisions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

The movement in provisions are reconciled as follows:

Current Portion of Non-Current Provisions:

| | Long-term Service R | Post-retirement R |
|-------------------------------|------------------------------------|------------------------------|
| 30 June 2013 | | |
| Balance at beginning of year | 20 000 | 133 000 |
| Transfer from non-current | 66 112 | 159 979 |
| Expenditure incurred | (20 000) | (132 545) |
| Balance at end of year | 66 112 | 160 434 |
| 30 June 2012 | | |
| Balance at beginning of year | 30 000 | 127 000 |
| Transfer from non-current | 20 000 | 133 000 |
| Expenditure incurred | (30 000) | (127 000) |
| Balance at end of year | 20 000 | 133 000 |

16 PAYABLES FROM EXCHANGE TRANSACTIONS

| | | |
|-----------------------|------------------|------------------|
| Trade Creditors | 1 924 899 | 969 031 |
| Retentions | 1 521 593 | 1 322 586 |
| Other Creditors | 2 250 092 | 1 829 347 |
| Total Payables | 5 696 584 | 4 120 965 |

The prior year amount for *Payables from Exchange Transactions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA, except when the liability is disputed. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

17 PAYABLES FROM NON-EXCHANGE TRANSACTIONS

| | | |
|------------------------------|------------------|------------------|
| Payments received in Advance | 449 972 | 326 295 |
| Staff Leave Accrued | 1 558 246 | 1 252 416 |
| Sundry Deposits | 21 927 | 19 400 |
| Suspense Accounts | (0) | 107 |
| Total Payables | 2 030 144 | 1 598 219 |

The prior year amount for *Payables from Non-exchange Transactions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Staff Leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

No credit period exists for Payables from Non-exchange Transactions, neither has any credit period been arranged. No interest is charged on outstanding amounts.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------------|-------------------|
| 18 UNSPENT CONDITIONAL GRANTS AND RECEIPTS | | |
| 18.1 Conditional Grants from Government | 19 959 805 | 21 765 192 |
| National Government Grants | 12 967 920 | 15 379 672 |
| Provincial Government Grants | 6 991 885 | 6 385 520 |
| Total Conditional Grants and Receipts | 19 959 805 | 21 765 192 |

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 25 for the reconciliation of Grants from Government. The Unspent Grants are cashbacked by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

19 OPERATING LEASE LIABILITIES

Operating Leases are recognised on the straight-line basis as per the requirements of GRAP 13. In respect of Non-cancellable Operating Leases the following liabilities have been recognised:

| | | |
|--|----------------|----------------|
| Balance at beginning of year | 222 087 | 184 075 |
| Operating Lease expenses recorded | 44 259 | 44 259 |
| Operating Lease payments effected | (6 872) | (6 247) |
| Total Operating Lease Liabilities | 259 475 | 222 087 |

19.1 Leasing Arrangements

The Municipality as Lessee:

Operating Leases relate to Property, Plant and Equipment with lease terms not longer than 40 years, with an option to extend for a further period. All operating lease contracts contain market review clauses in the event that the municipality exercises its option to renew. The municipality does not have an option to purchase the leased asset at the expiry of the lease period.

19.2 Amounts payable under Operating Leases

At the Reporting Date the municipality had outstanding commitments under Non-cancellable Operating Leases for Property, Plant and Equipment, which fall due as follows:

| | | |
|---|------------------|------------------|
| Land: | 1 475 308 | 1 519 567 |
| Up to 1 year | 44 259 | 44 259 |
| 2 to 5 years | 177 037 | 177 037 |
| More than 5 years | 1 254 012 | 1 298 271 |
| Total Operating Lease Arrangements | 1 475 308 | 1 519 567 |

The following payments have been recognised as an expense in the Statement of Financial Performance:

| | | |
|---------------------------------------|--------------|--------------|
| Minimum lease payments | 6 872 | 6 247 |
| Total Operating Lease Expenses | 6 872 | 6 247 |

The municipality has operating lease agreements for the following classes of assets, which are only significant collectively:

- Land

The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment:

- (i) The equipment shall remain the property of the lessor.
- (ii) The hirer shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment.
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement.
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|---------------|----------------|
| 20 LONG-TERM LIABILITIES | | |
| The municipality did not have any liabilities to be classified as Long-term Liabilities in terms of its Accounting Policies and Cash Management Policy at year-end. | | |
| Annuity Loans | 32 368 | 53 136 |
| Finance Lease Liabilities | 138 766 | 258 360 |
| Sub-total | 171 134 | 311 496 |
| Less: Current Portion transferred to Current Liabilities:- | 150 331 | 158 786 |
| Annuity Loans | 22 600 | 20 768 |
| Finance Lease Liabilities | 127 731 | 138 018 |
| Total Long-term Liabilities (Neither past due, nor impaired) | 20 803 | 152 710 |

The prior year amounts for *Long-term Liabilities* and its Current Portion have been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

20.1 Summary of Arrangements

Annuity Loans are repaid over periods varying from 1 to 2 (2012: 2 to 3) years and at interest rates varying from 8,00% to 10,00% (2012: 8,00% to 10,00%) per annum. Annuity Loans are not secured.

Finance Lease Liabilities relates to Office Equipment with lease terms of 1 (2012: 2) years. The effective interest rate on Finance Leases is 9,00% (2012: 9,00%). Capitalised Lease Liabilities are secured over the items of equipment leased.

Refer to Appendix "A" for more detail on Long-term Liabilities.

20.2 Obligations under Finance Lease Liabilities

The Municipality as Lessee:

Finance Leases relate to Property, Plant and Equipment with lease terms not more than 1 years (2012: 2 years). The effective interest rate on Finance Leases is 9,00% (2012: 9,00%).

The municipality does not have an option to purchase the leased Property, Plant and Equipment at the conclusion of the lease agreements. The municipality's obligations under Finance Leases are secured by the lessors' title to the leased assets.

The obligations under Finance Leases are as follows:

| | Minimum Lease Payments | | Present Value of Minimum Lease Payments | |
|---|------------------------|----------------|---|----------------|
| | 2013 R | 2012 R | 2013 R | 2012 R |
| Amounts payable under finance leases: | | | | |
| Within one year | 145 734 | 138 018 | 145 734 | 138 018 |
| In the second to fifth years, inclusive | - | 145 734 | - | 145 734 |
| Over five years | - | - | - | - |
| | 145 734 | 283 752 | 145 734 | 283 752 |
| Less: Future Finance Obligations | 6 968 | 25 392 | 6 968 | 25 392 |
| Present Value of Minimum Lease Obligations | 138 766 | 258 360 | 138 766 | 258 360 |
| Less: Amounts due for settlement within 12 months (Current Portion) | | | 127 731 | 138 018 |
| Finance Lease Obligations due for settlement after 12 months (Non-current Portion) | | | 11 035 | 120 342 |

The municipality has finance lease agreements for the following significant classes of assets:

- Office Equipment

Included in these classes are the following significant leases:

| | | |
|---|------------|------------|
| (i) Ericson Switchboard and Photocopiers | R 145 734 | R 283 752 |
| - Installments are payable quarterly in advance | | |
| - Average period outstanding | 12 months | 24 months |
| - Average effective interest rate | 9.00% | 9.00% |
| - Average quarterly installment | R 5 210.34 | R 5 750.77 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------|------------------|
| 21 RETIREMENT BENEFIT LIABILITIES | | |
| 21.1 Post-retirement Health Care Benefits Liability | | |
| Balance at beginning of Year | 5 164 351 | 4 311 351 |
| Contributions to Provision | 1 808 215 | 986 000 |
| Balance at end of Year | 6 972 566 | 5 297 351 |
| Transfer to Current Provisions | (159 979) | (133 000) |
| Total Post-retirement Health Care Benefits Liability | 6 812 587 | 5 164 351 |

The prior year amount for *Retirement Benefit Liabilities* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

Furthermore, *Retirement Benefit Liabilities* have been restated to agree to the Actuarial Reports. Refer to Note 40.6 on "Correction of Error" for details of the restatement.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Mr CJ Maroba, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

| | | |
|---|------------|------------|
| In-service Members (Employees) | 119 | 101 |
| Continuation Members (Retirees, widowers and orphans) | 6 | 5 |
| Total Members | 125 | 106 |

The liability in respect of past service has been estimated as follows:

| | | |
|------------------------|------------------|------------------|
| In-service Members | 4 255 070 | 3 317 871 |
| Continuation Members | 2 717 496 | 1 979 480 |
| Total Liability | 6 972 566 | 5 297 351 |

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- KeyHealth
- LA Health
- Samwumed

The Current-service Cost for the year ending 30 June 2013 is estimated to be R436 078, whereas the cost for the ensuing year is estimated to be R665 689 (30 June 2012: R383 000 and R436 078 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | | |
|-----------------------------------|-------|-------|
| Discount Rate | 7.25% | 8.35% |
| Health Care Cost Inflation Rate | 6.75% | 6.85% |
| Net Effective Discount Rate | 0.47% | 1.40% |
| Expected Retirement Age - Females | 63 | 63 |
| Expected Retirement Age - Males | 63 | 63 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|------------------|------------------|
| Movements in the present value of the Defined Benefit Obligation were as follows: | | |
| Balance at the beginning of the year | 5 297 351 | 4 438 351 |
| Current service costs | 436 078 | 383 000 |
| Interest cost | 436 795 | 372 000 |
| Benefits paid | (132 545) | (119 000) |
| Actuarial losses / (gains) | 934 887 | 223 000 |
| Present Value of Fund Obligation at the end of the Year | 6 972 566 | 5 297 351 |
| Actuarial losses / (gains) unrecognised | - | - |
| Total Recognised Benefit Liability | 6 972 566 | 5 297 351 |
| The amounts recognised in the Statement of Financial Position are as follows: | | |
| Present value of fund obligations | 6 972 566 | 5 297 351 |
| Unfunded Accrued Liability | 6 972 566 | 5 297 351 |
| Unrecognised Actuarial Gains / (Losses) | - | - |
| Total Benefit Liability | 6 972 566 | 5 297 351 |
| The amounts recognised in the Statement of Financial Performance are as follows: | | |
| Current service cost | 436 078 | 383 000 |
| Interest cost | 436 795 | 372 000 |
| Actuarial losses / (gains) | 934 887 | 223 000 |
| Adjustment for Short-term Portion from Previous Year | 455 | 8 000 |
| Total Post-retirement Benefit included in Employee Related Costs (Note 30) | 1 808 215 | 986 000 |

The history of experienced adjustments is as follows:

| | 2013 R | 2012 R | 2011 R | 2010 R | 2009 R |
|---|------------------|------------------|------------------|------------------|-----------|
| Present Value of Defined Benefit Obligation | 6 972 566 | 5 297 351 | 4 438 351 | 3 381 351 | - |
| Deficit | 6 972 566 | 5 297 351 | 4 438 351 | 3 381 351 | - |
| Experienced adjustments on Plan Liabilities | 934 887 | 223 000 | 587 000 | - | - |

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2011 reporting period.

| | 2013 R | 2012 R |
|--|-------------|-----------|
| The effect of a 1% movement in the assumed rate of health care cost inflation is as follows: | | |
| Increase: | | |
| Effect on the aggregate of the current service cost and the interest cost | 336 761 | 222 000 |
| Effect on the defined benefit obligation | 1 665 012 | 1 089 000 |
| Decrease: | | |
| Effect on the aggregate of the current service cost and the interest cost | (237 303) | (266 000) |
| Effect on the defined benefit obligation | (1 260 511) | (843 000) |

The municipality expects to make a contribution of R1 165 385 (2012: R873 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 49, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------|------------------|
| 22 NON-CURRENT PROVISIONS | | |
| Provision for Long Service Awards | 1 072 196 | 752 000 |
| Provision for Rehabilitation of Land-fill Sites | 1 903 801 | 1 737 769 |
| Total Non-current Provisions | 2 975 997 | 2 489 769 |

The prior year amount for *Non-current Provisions* has been reclassified. Refer to Note 40.4 on "Correction of Error" for details of the reclassification.

The opening balance of *Non-current Provisions* has been restated to correctly disclose the amount for Rehabilitation of Landfill Sites. Refer to Note 40.6 on "Correction of Error" for details of the reclassification.

The prior year amount of *Non-current Provisions* has been restated to correctly disclose the interest cost accrued to the Provision for Rehabilitation of Landfill Sites. Refer to Note 40.6 on "Correction of Error" for details of the reclassification.

The movement in Non-current Provisions are reconciled as follows:

| | Long-service Awards R | Land-fill Sites R |
|--------------------------------|---------------------------------|-----------------------------|
| 30 June 2013 | | |
| Balance at beginning of year | 752 000 | 1 737 769 |
| Contributions to provision | 386 308 | 166 032 |
| | 1 138 308 | 1 903 801 |
| Transfer to current provisions | (66 112) | - |
| Balance at end of year | 1 072 196 | 1 903 801 |
| 30 June 2012 | | |
| Balance at beginning of year | 623 000 | 1 586 217 |
| Contributions to provision | 149 000 | 151 552 |
| | 772 000 | 1 737 769 |
| Transfer to current provisions | (20 000) | - |
| Balance at end of year | 752 000 | 1 737 769 |

22.1 Long Service Awards

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2013 by Mr CJ Maroba, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 119 (2012: 111) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2013 is estimated to be R116 643, whereas the cost for the ensuing year is estimated to be R171 289 (30 June 2012: R99 000 and R116 643 respectively).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

| | | |
|-----------------------------------|-------|-------|
| Discount Rate | 7.25% | 8.25% |
| Cost Inflation Rate | 7.15% | 6.90% |
| Net Effective Discount Rate | 0.09% | 1.25% |
| Expected Retirement Age - Females | 63 | 63 |
| Expected Retirement Age - Males | 63 | 63 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|------------------|----------------|
| Movements in the present value of the Defined Benefit Obligation were as follows: | | |
| Balance at the beginning of the year | 772 000 | 653 000 |
| Current service costs | 116 643 | 99 000 |
| Interest cost | 62 881 | 50 000 |
| Benefits paid | (20 344) | (30 000) |
| Actuarial losses / (gains) | 207 128 | - |
| Present Value of Fund Obligation at the end of the Year | 1 138 308 | 772 000 |
| Actuarial losses / (gains) unrecognised | - | - |
| Total Recognised Benefit Liability | 1 138 308 | 772 000 |
| The amounts recognised in the Statement of Financial Position are as follows: | | |
| Present value of fund obligations | 1 138 308 | 772 000 |
| Unfunded Accrued Liability | 1 138 308 | 772 000 |
| Actuarial gains / (losses) not recognised | - | - |
| Total Benefit Liability | 1 138 308 | 772 000 |
| The amounts recognised in the Statement of Financial Performance are as follows: | | |
| Current service cost | 116 643 | 99 000 |
| Interest cost | 62 881 | 50 000 |
| Actuarial losses / (gains) | 207 128 | - |
| Adjustment for Short-term Portion from Previous Year | (344) | - |
| Total Post-retirement Benefit included in Employee Related Costs (Note 30) | 386 308 | 149 000 |

The history of experienced adjustments is as follows:

| | 2013 R | 2012 R | 2011 R | 2010 R | 2009 R |
|---|------------------|----------------|----------------|----------------|-----------|
| Present Value of Defined Benefit Obligation | 1 138 308 | 772 000 | 653 000 | 590 000 | - |
| Deficit | 1 138 308 | 772 000 | 653 000 | 590 000 | - |
| Experienced adjustments on Plan Liabilities | 207 128 | - | - | - | - |

In accordance with the transitional provisions for the amendments to IAS 19 Employee Benefits in December 2004, the disclosures above are determined prospectively from the 2011 reporting period.

| | 2013 R | 2012 R |
|---|-----------|-----------|
| The effect of a 1% movement in the assumed rate of long service cost inflation is as follows: | | |
| Increase: | | |
| Effect on the aggregate of the current service cost and the interest cost | 32 445 | 22 000 |
| Effect on the defined benefit obligation | 123 170 | 82 000 |
| Decrease: | | |
| Effect on the aggregate of the current service cost and the interest cost | (27 695) | (20 000) |
| Effect on the defined benefit obligation | (108 462) | (71 000) |

The municipality expects to make a contribution of R251 446 (2012: R180 000) to the defined benefit plans during the next financial year.

22.2 Rehabilitation of Land-fill Sites

In terms of the licencing of the landfill refuse site, the municipality will incur licencing and rehabilitation costs of R3 384 330 (2012: R2 817 431) to restore the site at the end of its useful life, estimated to be in 2018. Provision has been made for the net present value of this cost, using the average cost of borrowing interest rate.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|--------------------|--------------------|
| 23 ACCUMULATED SURPLUS | | |
| The Accumulated Surplus consists of the following Internal Funds and Reserves: | | |
| Housing Development Fund | 248 164 | 238 652 |
| Accumulated Surplus / (Deficit) due to the results of Operations | 117 751 668 | 103 428 805 |
| Total Accumulated Surplus | 117 999 832 | 103 667 457 |

Accumulated Surplus has been restated to correctly classify amounts held by the municipality as indicated below. Refer to Note 40.1 "Correction of Error" for details of the restatements.

- Restatement of Retirement Benefit Liabilities - Notes 40.5 and 40.6
- Restatement of Property Rates income - Notes 40.5 and 40.6
- Restatement of Rental of Facilities income - Notes 40.5 and 40.6
- Restatement of Employee Related Cost expenditure - Notes 40.5 and 40.6
- Restatement of General Expenses expenditure - Notes 40.5 and 40.6

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

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

24 PROPERTY RATES

| | Property Valuations | | Actual Levies | |
|-----------------------------|---------------------|---------------------|------------------|------------------|
| | July 2012 R000's | July 2011 R000's | | |
| Agricultural | 1 093 726 | 701 846 | 1 629 431 | 381 047 |
| Commercial | 137 113 | 113 597 | 1 554 502 | 1 194 098 |
| Residential | 353 045 | 343 291 | 1 601 532 | 1 663 021 |
| Sectional Title | 5 732 | 5 732 | 29 716 | 60 117 |
| State | 317 932 | 203 146 | 3 065 159 | 2 292 541 |
| Other | 201 819 | 143 282 | 667 711 | 511 443 |
| Total Property Rates | 2 109 367 | 1 510 894 | 8 548 051 | 6 102 267 |

The prior year amount for *Property Rates* has been adjusted. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

Property Rates are levied on the value of land and improvements, which valuation is performed every four years. The last valuation came into effect on 1 July 2012.

Interim valuations are processed annually to take into account changes in individual property values due to alterations and subdivisions.

An general rate is applied as follows to property valuations to determine property rates:

- Residential Properties: 0,0059207 c/R (2011/12: 0,0056930 c/R)
- Business Properties: 0,0118404 c/R (2011/12: 0,0113850 c/R)
- Agricultural Properties: 0,0015070 c/R (2011/12: 0,0014490 c/R)

The first R15 000 (2011/12: R15 000) of the valuation of all properties are exempted from the calculation of rates. Furthermore, a rebate of R35 000 (2011/12: R35 000) is allowed on developed property.

Rebates and exemptions are granted to pensioners, non-profitable organisations, sporting bodies, religious bodies, etc in terms of the municipality's Rates Policy.

Rates are levied monthly on property owners and are payable at the end of each month. Property owners can request that the full amount for the year be raised in August in which case the amount has to be paid by 28 February. Interest is levied at a rate determined by council on outstanding rates amounts.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------------|-------------------|
| 25 GOVERNMENT GRANTS AND SUBSIDIES | | |
| National Equitable Share | 27 522 000 | 24 803 169 |
| Other Subsidies | 2 572 032 | 2 408 051 |
| Operational Grants | 30 094 032 | 27 211 220 |
| Conditional Grants | 27 058 427 | 14 420 460 |
| National: Equitable Share | - | 59 831 |
| National: FMG | 1 681 133 | 1 717 593 |
| National: MIG | 17 790 083 | 7 140 960 |
| National: MSIG | 890 178 | 761 713 |
| National: Department Arts and Culture | 85 000 | - |
| National: Department Human Settlement | 4 597 345 | 37 522 |
| National: Department Minerals and Energy | 135 961 | - |
| Provincial: COGTA | 1 878 726 | 4 666 716 |
| Local Government: Umgungundlovu District Municipality | - | 36 125 |
| Total Government Grants and Subsidies | 57 152 459 | 41 631 680 |

The prior year amount for *Government Grants and Subsidies* has been reclassified. Refer to Note 40.2 on "Correction of Error" for details of the reclassification.

Operational Grants:

| | | |
|---------------------------------------|-------------------|-------------------|
| 25.1 National: Equitable Share | 27 522 000 | 24 803 169 |
|---------------------------------------|-------------------|-------------------|

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy up to R61,25 (2012: R59,20), based on the monthly billing, towards the consumer account, which subsidy is determined annually by council. Indigent residential households receive basic refuse removal and 50 kWh electricity free every month. No funds have been withheld.

Conditional Grants:

25.2 National: Equitable Share

| | | |
|---|----------|----------|
| Balance unspent at beginning of year | 0 | 59 831 |
| Current year receipts | - | - |
| Conditions met - transferred to Revenue: Operating Expenses | - | (59 831) |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 0 | 0 |

In terms of the Constitution, this grant is used to subsidise the provision of basic services to community members. In terms of the allocation made by National Treasury the funds are also utilised to enable the municipality to execute its functions as the local authority. No funds have been withheld.

25.3 National: FMG Grant

| | | |
|---|-------------|----------------|
| Balance unspent at beginning of year | 181 133 | 398 727 |
| Current year receipts | 1 500 000 | 1 500 000 |
| Conditions met - transferred to Revenue: Operating Expenses | (1 681 133) | (1 717 593) |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 0 | 181 133 |

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial management reforms required by the Municipal Finance Management Act (MFMA), 2003. No funds have been withheld.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------|------------------|
| 25.4 National: MIG Funds | | |
| Balance unspent at beginning of year | 8 771 082 | 2 412 042 |
| Current year receipts | 16 376 000 | 13 500 000 |
| Conditions met - transferred to Revenue: Operating Expenses | (85 980) | - |
| Conditions met - transferred to Revenue: Capital Expenses | (17 704 103) | (7 140 960) |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 7 356 999 | 8 771 082 |

The Municipal Infrastructure Grant (MIG) was allocated for the construction of roads, sports fields and community halls as part of the upgrading of poor households, micro enterprises and social institutions; to provide for new, rehabilitation and upgrading of municipal infrastructure. No funds have been withheld.

25.5 National: MSIG Funds

| | | |
|---|------------|---------------|
| Balance unspent at beginning of year | 90 178 | 61 891 |
| Current year receipts | 800 000 | 790 000 |
| Conditions met - transferred to Revenue: Operating Expenses | (890 178) | (761 713) |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | (0) | 90 178 |

The Municipal Systems Improvement Grant is allocated to municipalities to assist in building in-house capacity to perform their functions and to improve and stabilise municipal systems. No funds have been withheld.

25.6 National: Department Arts and Culture

| | | |
|---|---------------|---------------|
| Balance unspent at beginning of year | 85 000 | - |
| Current year receipts | 90 000 | 85 000 |
| Conditions met - transferred to Revenue: Operating Expenses | (85 000) | - |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 90 000 | 85 000 |

This grant was allocated to provide access to modern day technology and information resources; and relevant collections of library materials which meet the needs of the communities. No funds have been withheld.

25.7 National: Department Human Settlement

| | | |
|---|------------------|------------------|
| Balance unspent at beginning of year | 2 252 279 | 2 191 456 |
| Current year receipts | 3 954 455 | 37 522 |
| Interest allocated | 47 494 | 60 822 |
| Conditions met - transferred to Revenue: Operating Expenses | (4 597 345) | (37 522) |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 1 656 882 | 2 252 279 |

This grant was allocated for the funding of various housing projects to assist the indigent communities. No funds have been withheld.

25.8 National: Department Minerals and Energy

| | | |
|---|------------------|------------------|
| Balance unspent at beginning of year | 4 000 000 | - |
| Current year receipts | - | 4 000 000 |
| Conditions met - transferred to Revenue: Operating Expenses | (135 961) | - |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 3 864 039 | 4 000 000 |

Expenses were incurred for the electrification of households in the community. No funds have been withheld.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 **2012**
R **R**

25.9 Provincial: Department Cooperative Government and Trading Affairs (COGTA)

| | | |
|---|------------------|------------------|
| Balance unspent at beginning of year | 6 385 520 | 10 583 444 |
| Current year receipts | 2 157 049 | - |
| Interest allocated | 328 042 | 468 793 |
| Conditions met - transferred to Revenue: Operating Expenses | (407 755) | (4 666 716) |
| Conditions met - transferred to Revenue: Capital Expenses | (1 470 971) | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | 6 991 885 | 6 385 520 |

This grant was allocated for the funding of various projects e.g. Retail Market Facility, CBD Stormwater and Street Rehabilitation, Traffic Lights and Drivers' Testing Centre. No funds have been withheld.

25.10 Local Government: Umgungundlovu District Municipality

| | | |
|---|---|----------|
| Balance unspent at beginning of year | - | 36 125 |
| Current year receipts | - | - |
| Conditions met - transferred to Revenue: Operating Expenses | - | (36 125) |
| Conditions met - transferred to Revenue: Capital Expenses | - | - |
| Other Adjustments/Refunds | - | - |
| Conditions still to be met - transferred to Liabilities (see Note 18) | - | - |

This grant was allocated to the municipality as a contribution towards the RSDI. No funds have been withheld.

25.11 Changes in levels of Government Grants

Based on the allocations set out in the Division of Revenue Act, (Act No 2 of 2013), government grant funding is expected to increase over the forthcoming three financial years.

34 PUBLIC CONTRIBUTIONS AND DONATIONS

| | | |
|---|----------|----------|
| Conditional Contributions: | - | - |
| Unconditional Contributions | - | - |
| Other Donations | - | - |
| Total Public Contributions and Donations | - | - |

26 SERVICE CHARGES

| | | |
|------------------------------|----------------|----------------|
| Refuse Removal | 299 603 | 283 028 |
| Total Service Charges | 299 603 | 283 028 |

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

27 RENTAL OF FACILITIES AND EQUIPMENT

| | | |
|---|------------------|------------------|
| Rental Revenue from Amenities | 6 000 | 6 000 |
| Rental Revenue from Buildings | 519 466 | 515 611 |
| Rental Revenue from Halls | 117 694 | 75 884 |
| Rental Revenue from Land | 390 330 | 2 397 695 |
| Rental Revenue from Other Facilities | - | 843 |
| Total Rental of Facilities and Equipment | 1 033 491 | 2 996 033 |

The prior year amount for *Rental of Facilities and Equipment* has been adjusted. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

Rental revenue earned on Facilities and Equipment is in respect of Non-financial Assets rented out.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|------------------|------------------|
| 28 INTEREST EARNED | | |
| Property Rates: | | |
| Penalties imposed and Collection Charges | 806 897 | 793 032 |
| | <u>806 897</u> | <u>793 032</u> |
| External Investments: | | |
| Bank Account | 39 012 | 34 160 |
| Investments | 1 656 331 | 1 586 358 |
| | <u>1 695 342</u> | <u>1 620 518</u> |
| Outstanding Debtors: | | |
| Outstanding Billing Debtors | 146 399 | 98 028 |
| | <u>146 399</u> | <u>98 028</u> |
| Total Interest Earned | <u>2 648 637</u> | <u>2 511 578</u> |

Interest Earned have been restated to correctly identify revenue for Interest on External Investments earned by the Housing Development Fund in terms of GRAP 1.114, previously credited to Net Assets. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

Interest Earned on Financial Assets, analysed by category of asset, is as follows:

| | | |
|-------------------------------------|------------------|------------------|
| Available-for-Sale Financial Assets | 1 695 342 | 1 620 518 |
| Held-to-Maturity Investments | - | - |
| Loans and Receivables | 953 295 | 891 060 |
| | <u>2 648 637</u> | <u>2 511 578</u> |

29 OTHER REVENUE

| | | |
|------------------------------|----------------|----------------|
| Building Plan Fees | 72 353 | 27 463 |
| Cemetery Fees | 63 047 | 46 577 |
| Plot Clearing Charges | - | 79 840 |
| Pound Fees | 23 400 | 10 419 |
| Prints | 15 371 | 6 755 |
| Refuse Dump Fees | 33 529 | 25 848 |
| Reimbursement of Expenditure | 78 490 | 91 831 |
| SETA Refunds | 67 826 | 103 981 |
| Tender Documents | 84 167 | 63 158 |
| Town Planning Fees | 10 209 | 8 812 |
| Sundry Income | 44 843 | 35 358 |
| Total Other Revenue | <u>493 234</u> | <u>500 045</u> |

The prior year amount for *Other Revenue* has been reclassified. Refer to Note 40.2 on "Correction of Error" for details of the reclassification.

The amounts disclosed above for Other Revenue are in respect of services, other than described in Notes 24 to 28, rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------------|-------------------|
| 30 EMPLOYEE RELATED COSTS | | |
| Employee Related Costs - Salaries and Wages | 17 309 755 | 14 796 444 |
| Employee Related Costs - Contributions for UIF, Pensions and Medical Aids | 3 123 844 | 2 546 856 |
| Travel, Motor Car, Accommodation, Subsistence and Other Allowances | 878 568 | 413 375 |
| Housing Benefits and Allowances | 32 657 | 19 491 |
| Overtime Payments | 446 886 | 393 939 |
| Defined Benefit Plan Expense: | 2 042 235 | 978 000 |
| Current Service Cost | 2 042 235 | 978 000 |
| Total Employee Related Costs | 23 833 944 | 19 148 104 |

The prior year amount for *Employee Related Costs* has been reclassified. Refer to Note 40.3 on "Correction of Error" for details of the reclassification.

Employee Related Costs have been restated to correctly identify expenditure for Health Care Benefits in terms of the actuarial report. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

No advances were made to employees.

Remuneration of Section 57 Employees:

Remuneration of the Municipal Manager

| | | |
|---|----------------|----------------|
| Annual Remuneration | 495 217 | 631 472 |
| Car and Other Allowances | 351 534 | 138 000 |
| Company Contributions to UIF, Medical and Pension Funds | 28 899 | 26 772 |
| Total | 875 650 | 796 244 |

Remuneration of the Chief Financial Officer

| | | |
|---|----------------|----------------|
| Annual Remuneration | 337 500 | 283 700 |
| Car and Other Allowances | 190 702 | 18 000 |
| Company Contributions to UIF, Medical and Pension Funds | 34 298 | 44 274 |
| Total | 562 500 | 345 974 |

The post was vacant as from 01 January 2012 until 30 September 2012. An Acting Allowance was paid for the period.

Remuneration of the Strategic Manager: Community Services

| | | |
|---|----------------|----------------|
| Annual Remuneration | 191 669 | 502 000 |
| Car and Other Allowances | 391 991 | 60 000 |
| Company Contributions to UIF, Medical and Pension Funds | 87 826 | 74 480 |
| Total | 671 486 | 636 480 |

The contract for the Strategic Manager: Community Services expired on 31 May 2013. Council has resolved to extend the contract for an additional two months.

Remuneration of the Strategic Manager: Corporate Services

| | | |
|---|----------------|----------------|
| Annual Remuneration | 202 108 | 525 746 |
| Car and Other Allowances | 416 151 | 60 000 |
| Company Contributions to UIF, Medical and Pension Funds | 53 227 | 50 734 |
| Total | 671 486 | 636 480 |

The contract for the Strategic Manager: Corporate Services expired on 30 June 2013. Council has resolved to extend the contract for an additional two months.

Remuneration of the Strategic Manager: Technical Services

| | | |
|---|---------------|----------------|
| Annual Remuneration | 20 000 | 518 379 |
| Car and Other Allowances | 69 955 | 30 000 |
| Company Contributions to UIF, Medical and Pension Funds | 8 085 | 88 101 |
| Total | 98 040 | 636 480 |

The post was vacant as from 01 August 2012 until 30 June 2013. An Acting Allowance was paid for the period.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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The following compensation was payable to key management personnel in terms of IAS 19 as at 30 June:

Staff Leave Benefits:-

| | | |
|---------------------------------------|----------------|----------------|
| Municipal Manager | 77 057 | 92 960 |
| Chief Financial Officer | 42 000 | - |
| Strategic Manager: Community Services | 110 124 | 84 015 |
| Strategic Manager: Corporate Services | 110 124 | 64 921 |
| Strategic Manager: Technical Services | - | 71 286 |
| Total | 339 305 | 313 182 |

31 REMUNERATION OF COUNCILLORS

| | | |
|---|------------------|------------------|
| Mayor | 489 003 | 452 199 |
| Deputy Mayor | 205 737 | 205 131 |
| Speaker | 205 737 | 205 131 |
| Executive Committee Members | 192 878 | 192 310 |
| Councillors | 1 402 748 | 1 398 625 |
| Other Allowances (Cellular Phones, Housing, Transport, etc) | 981 062 | 936 602 |
| Total Councillors' Remuneration | 3 477 164 | 3 389 998 |

Remuneration of Councillors:

In-kind Benefits

The Councillor occupying the position of Mayor of the municipality serve in a full-time capacity. The Councillors occupying the positions of Mayor, Deputy Mayor and Speaker are provided with office accommodation and secretarial support at the expense of the municipality in order to enable them to perform their official duties.

The Mayor has use of a Council owned vehicle for official duties.

The Mayor has one full-time bodyguard and a full-time driver. The Deputy Mayor has one full-time bodyguard/driver.

32 DEPRECIATION AND AMORTISATION

| | | |
|---|------------------|------------------|
| Depreciation: Property, Plant and Equipment | 4 297 357 | 3 721 297 |
| Amortisation: Intangible Assets | 9 055 | 10 419 |
| Total Depreciation and Amortisation | 4 306 412 | 3 731 716 |

Depreciation and Amortisation have been restated to correctly disclose the expense on Landfill Site, previously capitalised incorrectly. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

33 IMPAIRMENT LOSSES

33.1 Impairment Losses on Fixed Assets

Impairment Losses Recognised:

| | | |
|-------------------------------|--------|---------|
| | 33 427 | 206 973 |
| Property, Plant and Equipment | 33 427 | 206 973 |
| Intangible Assets | - | - |
| Investment Property | - | - |

Impairment Losses Reversed:

| | | |
|-------------------------------|---|-----------|
| | - | (248 621) |
| Property, Plant and Equipment | - | (248 621) |
| Intangible Assets | - | - |
| Investment Property | - | - |

| | |
|---------------|-----------------|
| 33 427 | (41 648) |
|---------------|-----------------|

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|------------------|----------------|
| 33.2 Impairment Losses on Financial Assets | | |
| Impairment Losses Recognised: | 3 889 853 | 506 163 |
| Receivables from Exchange Transactions | 35 184 | 53 989 |
| Receivables from Non-exchange Transactions | 1 938 406 | 452 174 |
| Impairment Losses Reversed: | (6 304) | (33 095) |
| Receivables from Exchange Transactions | (6 304) | (33 095) |
| Receivables from Non-exchange Transactions | - | - |
| | 3 883 549 | 473 068 |
| Total Impairment Losses | 3 916 976 | 431 420 |

The prior year amount for *Impairment Losses* has been reclassified. Refer to Note 40.3 on "Correction of Error" for details of the reclassification.

34 FINANCE COSTS

| | | |
|---|----------------|----------------|
| Landfill Provision | 166 032 | 151 552 |
| Loans and Payables at amortised cost | 18 425 | 26 696 |
| Total Interest Paid on External Borrowings | 184 456 | 178 248 |

Finance Costs have been restated to correctly disclose the interest cost accrued to the Provision for Rehabilitation of Landfill Sites, previously incorrectly expensed against Repairs & Maintenance. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

35 CONTRACTED SERVICES

| | | |
|----------------------------------|------------------|------------------|
| Professional Fees | 10 807 | 36 723 |
| Security Services | 2 029 362 | 1 935 594 |
| Valuation Services | 104 000 | 111 804 |
| Other Contracted Services | 789 101 | 1 437 864 |
| Total Contracted Services | 2 933 271 | 3 521 984 |

The prior year amount for *Contracted Services* has been reclassified. Refer to Note 40.3 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *Contracted Services* has been adjusted. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

36 GRANTS AND SUBSIDIES PAID

| | | |
|-----------------------------------|------------------|------------------|
| Community Projects | 5 057 510 | 1 264 355 |
| Free Basic Services | 82 511 | 664 710 |
| Sport Events | 22 732 | 70 088 |
| Tourism | 1 850 | 10 850 |
| Other Grants and Subsidies Paid | 22 306 | 73 695 |
| Total Grants and Subsidies | 5 186 910 | 2 083 698 |

The prior year amount for *Grants and Subsidies Paid* has been reclassified. Refer to Note 40.3 on "Correction of Error" for details of the reclassification.

Community Projects are in respect of community cultural programs, low cost housing and catering & transport cost within the municipality's area of jurisdiction.

Free Basic Services are in respect of assistance to and providing basic service levels to indigent households.

Sport Events are in respect accommodation and travelling expenses of participants for sporting events attended outside the municipal area of jurisdiction.

Tourism Expenses are in respect of assistance to the local tourism organisation.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------------|-------------------|
| 37 GENERAL EXPENSES | | |
| Included in General Expenses are the following: | | |
| Advertising | 352 431 | 292 779 |
| Audit Fees | 719 430 | 532 817 |
| Bank Charges | 63 875 | 54 389 |
| Bursaries | 60 695 | 79 845 |
| Chemicals and Poison | 75 354 | - |
| Cleaning Material | 113 061 | 103 512 |
| Communication and Public Participation | 187 464 | 92 160 |
| Disaster Expenditure | 17 918 | 22 080 |
| Electricity | 911 650 | 839 887 |
| Entertainment | 46 034 | 55 741 |
| Expenditure incurred from Grants: | | |
| - COGTA | 310 939 | 201 416 |
| - District Municipality | - | 51 125 |
| - DME | 135 961 | - |
| - FMG | 1 681 133 | 1 717 593 |
| - Library | 85 000 | - |
| - MSIG | 890 178 | 636 533 |
| - Transport | 50 214 | 23 728 |
| Fuel and Oil | 1 267 366 | 971 810 |
| Hiring of Equipment | 4 368 | 4 653 |
| IDP Review | - | 26 013 |
| Insurance | 574 449 | 568 949 |
| Lease Charges | 125 621 | 155 981 |
| Legal Costs | 510 000 | 219 544 |
| Levies: SALGA | 400 000 | 110 000 |
| Marketing | 30 764 | 39 219 |
| Mayoral Special Programmes | 4 860 | 19 928 |
| Medical Examinations | 650 | - |
| Performance Evaluation Committee | 41 650 | 42 799 |
| Plot Clearing | - | 74 889 |
| Postage and Telegrams | 58 439 | 50 874 |
| Printing and Stationery | 207 317 | 186 807 |
| Seminars and Conferences | 100 602 | 54 855 |
| Telephone Cost | 392 189 | 441 887 |
| Training Costs | 51 422 | 19 745 |
| Travelling and Subsistence | 434 486 | 338 589 |
| Uniforms and Protective Clothing | 182 120 | 162 206 |
| Valuation Roll | - | 851 205 |
| Water | 13 947 | 57 325 |
| Other General Expenses | 930 585 | 1 107 339 |
| Total General Expenses | 11 032 172 | 10 208 222 |

The prior year amount for *General Expenses* has been reclassified. Refer to Note 40.3 on "Correction of Error" for details of the reclassification.

Furthermore, the prior year amount for *General Expenses* has been adjusted. Refer to Note 40.5 on "Correction of Error" for details of the restatement.

The amounts disclosed above for Other General Expenses are in respect of costs incurred in the general management of the municipality and not direct attributable to a specific service or class of expense.

No other extra-ordinary expenses were incurred.

38 OTHER GAINS AND LOSSES

| | | |
|---|----------|----------------|
| Gains / (Losses) in Fair Value of Property, Plant and Equipment | - | 126 458 |
| Net Other Gains and Losses | - | 126 458 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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39 CHANGE IN ACCOUNTING POLICY

The municipality adopted the following Accounting Standards for the first time during the financial year 2012/13 in order to comply with the basis of preparation of the Annual Financial Statements as disclosed in Accounting Policy 1:

- GRAP 21 Impairment of Non-cash-generating Assets
- GRAP 23 Revenue from Non-exchange Transactions
- GRAP 24 Presentation of Budget Information in Financial Statements
- GRAP 26 Impairment of Cash-generating Assets
- GRAP 103 Heritage Assets
- GRAP 104 Financial Instruments

39.1 GRAP 21 - Impairment of Non-cash-generating Assets

The Accounting Standard for *Impairment of Non-cash-generating Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 21.

The municipality has developed Accounting Policies to fully comply with GRAP 21 (*Impairment of Non-cash-generating Assets*). Previously the municipality used the principles set out in IPSAS 21 to account for impairment of non-cash-generating assets. GRAP 21 is applied prospectively and there is no need for restatement of prior year figures as the principles in GRAP 21 and IPSAS 21 are similar.

39.2 GRAP 23 - Revenue from Non-exchange Transactions

The Accounting Standard for *Revenue from Non-exchange Transactions* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 23.

The municipality has developed Accounting Policies to fully comply with GRAP 23 (*Revenue from Non-exchange Transactions*). Previously the municipality used the principles set out in GAMAP 9 to account for revenue from non-exchange transactions. GRAP 23 is applied prospectively and there is no need for restatement of prior year figures.

39.3 GRAP 24 - Presentation of Budget Information in the Financial Statements

The Accounting Standard for *Presentation of Budget Information in the Financial Statements* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 24.

The municipality has developed Accounting Policies to fully comply with GRAP 24 (*Presentation of Budget Information in the Financial Statements*). Previously the municipality used the principles set out in GRAP 1 to present budget information. GRAP 24 is to be applied prospectively. To fully comply with the requirements set out in this Standard, the municipality have included the following budget information:

- Budget Statement
- Appendix E1: Reconciliation of Budgeted Financial Performance by Standard Classification
- Appendix E2: Reconciliation of Budgeted Financial Performance by Municipal Vote
- Appendix E3: Reconciliation of Budgeted Financial Performance
- Appendix E4: Reconciliation of Budgeted Capital Expenditure
- Appendix E5: Reconciliation of Budgeted Cash Flows

39.4 GRAP 26 - Impairment of Cash-generating Assets

The Accounting Standard for *Impairment of Cash-generating Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 26.

The municipality has developed Accounting Policies to fully comply with GRAP 26 (*Impairment of Cash-generating Assets*). Previously the municipality used the principles set out in IAS 36 to account for impairment of cash-generating assets. GRAP 21 is applied prospectively and there is no need for restatement of prior year figures as the principles in GRAP 21 and IAS 36 are similar.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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39.5 GRAP 103 - Heritage Assets

The Accounting Standard for *Heritage Assets* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 103.

The municipality has developed Accounting Policies to fully comply with GRAP 103 (*Heritage Assets*). Previously the municipality used the principles set out in GRAP 17 to account for impairment of cash-generating assets. Heritage Assets have been recognised retrospectively in the Annual Financial Statements.

The municipality utilised the transitional provisions under Directive 4, which allows 3 years for the measurement of Heritage Assets.

Reclassification of Property, Plant & Equipment and Heritage Assets:

The prior year figures of Property, Plant & Equipment and Heritage Assets have been restated to correctly disclose the assets held by the municipality in terms of GRAP 103. Also see Note 40.4 on "Correction of Error".

The effect of the Change in Accounting Policy is as follows:

| | Property, Plant & Equipment | Heritage Assets |
|--|-----------------------------------|--------------------|
| Balances published as at 30 June 2011 | 75 823 300 | - |
| Transfer Heritage Assets | (128 080) | 128 080 |
| Restated Balances as at 30 June 2011 | 75 695 220 | 128 080 |

39.6 GRAP 104 - Financial Instruments

The Accounting Standard for *Financial Instruments* has been recognised in the Annual Financial Statements of the municipality as at 30 June 2013 in terms of GRAP 104.

The municipality has developed Accounting Policies to fully comply with GRAP 104 (*Financial Instruments*). Previously the municipality used the principles set out in IAS 39 to account for financial instruments. Management has evaluated the requirements of the Standard and it was found that the only adjustment to be made is to the classification of the Financial Assets and Liabilities.

Reclassification of Financial Instruments:

The municipality opted to develop an Accounting Policy based on GRAP 104, Financial Instruments. The effect of this change in Accounting Policy is summarised in the following table that indicates the effect of the classification and measurement adjustments to the municipality's Financial Instruments as at 30 June 2012.

| | Old Classification as per IAS 39 | Classification per GRAP 104 | Old Carrying Amount | New Carrying Amount |
|---|-------------------------------------|--------------------------------|------------------------|------------------------|
| FINANCIAL ASSETS: | | | | |
| Non-current Investments | | | | |
| Investment in Municipal Stock | Held to maturity | Amortised cost | 266 | 266 |
| Long-term Receivables | | | | |
| Housing | Loans and receivables | Amortised cost | 1 918 788 | 1 918 788 |
| uMgungundlovu District Municipality | Loans and receivables | Amortised cost | 32 368 | 32 368 |
| Receivables from Exchange Transactions | | | | |
| Refuse | Loans and receivables | Amortised cost | 54 766 | 54 766 |
| Other Debtors | Loans and receivables | Amortised cost | 935 873 | 935 873 |
| Receivables from Non-exchange Transactions | | | | |
| Assessment Rates Debtors | Loans and receivables | Amortised cost | 3 088 877 | 3 088 877 |
| Payments made in Advance | Loans and receivables | Amortised cost | 2 147 | 2 147 |
| Accruals | Loans and receivables | Amortised cost | 51 353 | 51 353 |
| Sundry Deposits | Loans and receivables | Amortised cost | 9 300 | 9 300 |
| Sundry Debtors | Loans and receivables | Amortised cost | 2 480 694 | 2 480 694 |
| Suspense Accounts | Loans and receivables | Amortised cost | 29 335 | 29 335 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | | 2013 R | 2012 R |
|---|---|--------------------------------|------------------------|------------------------|
| | Old Classification as per IAS 39 | Classification per GRAP 104 | Old Carrying Amount | New Carrying Amount |
| Cash and Cash Equivalents | | | | |
| Call Deposits | Available for sale | Fair value | 36 700 683 | 36 700 683 |
| Bank Balances | Available for sale | Fair value | 1 017 662 | 1 017 662 |
| Cash Floats and Advances | Available for sale | Fair value | 3 200 | 3 200 |
| Current Portion of Long-term Receivables | | | | |
| uMgungundlovu District Municipality | Loans and receivables | Amortised cost | 20 768 | 20 768 |
| FINANCIAL LIABILITIES: | | | | |
| Long-term Liabilities | | | | |
| Annuity Loans | Financial liabilities at amortised cost | Amortised cost | 32 368 | 32 368 |
| Finance Lease Liabilities | Financial liabilities at amortised cost | Amortised cost | 120 342 | 120 342 |
| Payables | | | | |
| Trade Creditors | Financial liabilities at amortised cost | Amortised cost | 969 031 | 969 031 |
| Retentions | Financial liabilities at amortised cost | Amortised cost | 1 322 586 | 1 322 586 |
| Staff Leave Accrued | Financial liabilities at amortised cost | Amortised cost | 1 252 416 | 1 252 416 |
| Sundry Deposits | Financial liabilities at amortised cost | Amortised cost | 19 400 | 19 400 |
| Other Creditors | Financial liabilities at amortised cost | Amortised cost | 1 829 347 | 1 829 347 |
| Current Portion of Long-term Liabilities | | | | |
| Annuity Loans | Financial liabilities at amortised cost | Amortised cost | 20 768 | 20 768 |
| Finance Lease Liabilities | Financial liabilities at amortised cost | Amortised cost | 138 018 | 138 018 |

The above-mentioned changes in Accounting Policies had no effect on the Accumulated Surplus as at 30 June 2012 and the Accumulated Surplus of prior years was not affected either.

40 CORRECTION OF ERROR

Corrections were made during the previous financial years. Details of the corrections are described below:

40.1 Reclassification of Accumulated Surplus

The prior year figures of Accumulated Surplus has been restated to correctly disclose the monies held by the municipality in terms of the disclosure notes indicated below.

The effect of the changes are as follows:

| | Accumulated Surplus |
|---|------------------------|
| Balances published as at 30 June 2011 | 93 636 428 |
| Correction of Error:- | |
| Restate Assets for Prior Year Landfill Sites - Note 40.6 | (595 866) |
| Restate Retirement Benefits for Prior Year Health Service Benefits - Note 40.6 | (588 787) |
| Restate Non-current Provisions for Prior Year Landfill Sites - Note 40.6 | 975 083 |
| | <u>(209 570)</u> |
| Restated Balances as at 30 June 2011 | 93 426 858 |
| Transactions previously incurred for the Year 2011/12 | 9 257 085 |
| Correction of Error:- | |
| Restate Receivables and Income for Assessment Rates - Notes 40.5 and 40.6 | (13 172) |
| Restate Receivables and Income for Rentals - Notes 40.5 and 40.6 | (2 500) |
| Restate Receivables and Expenditure for Medical Aid - Notes 40.5 and 40.6 | 3 000 |
| Restate Assets and Expenditure for Landfill Sites - Notes 40.5 and 40.6 | 284 706 |
| Restate Retirement Benefits and Expenditure for Health Benefits - Notes 40.5 and 40.6 | 588 436 |
| Restate Non-current Provisions and Expenditure for Landfill Sites - Notes 40.5 and 40.6 | 104 578 |
| Restate Receivables and Expenditure for Fruitless Expenditure - Notes 40.5 and 40.6 | 18 466 |
| | <u>983 514</u> |
| Restated Balances as at 30 June 2012 | 103 667 457 |

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40.2 Reclassification of Revenue

The prior year figures of Revenue Classes have been restated to correctly classify the nature of Revenue of the municipality.

The effect of the Correction of Error is as follows:

| | 2011/12 Revenue | 2011/12 Restated | Adjusted Amount |
|---|--------------------|---------------------|--------------------|
| Property Rates | 6 115 439 | 6 115 439 | - |
| Property Rates - Penalties imposed and collection charges | 793 032 | 793 032 | 0 |
| Fines | 2 659 | 2 659 | 0 |
| Licences and Permits | 489 679 | 422 835 | 66 844 |
| Income for Agency Services | 427 511 | 517 926 | (90 415) |
| Government Grants and Subsidies Received | 41 563 752 | 41 631 680 | (67 928) |
| Service Charges | 283 028 | 283 028 | - |
| Rental of Facilities and Equipment | 1 349 177 | 1 349 177 | 0 |
| Interest Earned - External Investments | 1 610 290 | 1 610 290 | (0) |
| Interest Earned - Outstanding Debtors | 98 028 | 98 028 | 0 |
| Other Income | 523 614 | 500 045 | 23 569 |
| Other Gains on Continued Operations | 126 458 | 126 458 | 0 |
| Gains on Donated Assets | 67 930 | - | 67 930 |
| | <u>53 450 597</u> | <u>53 450 596</u> | <u>1</u> |

The Restated Amounts above are because of the following corrections made:

| | Rates: Penalties | Fines | Licences & Permits | Agency Services |
|--|-----------------------|---------------------|-----------------------|-----------------------|
| Balance previously reported | 793 032 | 2 659 | 489 679 | 427 511 |
| Dog Licences (Item 3570 000) | | | 11 | |
| Fees: Building Inspections (Item 4130 000) | | | (10 000) | |
| Fees: Building Plans (Item 4140 000) | | | (17 463) | |
| Fees: Burial (Item 4150 000) | | | (18 824) | |
| Fees: Refuse Dump (Item 4250 000) | | | (25 848) | |
| Rank Permits (Item 3580 000) | | | 5 281 | |
| Commission: Payroll Deductions (Item 4300 000) | | | | 10 554 |
| Management Fee (Item 3610 000) | | | | 79 860 |
| Rounding Errors | (0) | (0) | 0 | - |
| Restated Balance now reported | <u>793 032</u> | <u>2 659</u> | <u>422 835</u> | <u>517 926</u> |

| | Government Grants | Other Income | Gains on Donated Assets | Other Gains |
|--|--------------------------|-----------------------|----------------------------|-----------------------|
| Balance previously reported | 41 563 752 | 523 614 | 67 930 | 126 458 |
| Grant: Library Services (Item 4135 000) | 67 930 | | (67 930) | |
| Dog Licences (Item 3570 000) | | (11) | | |
| Fees: Building Inspections (Item 4130 000) | | 10 000 | | |
| Fees: Building Plans (Item 4140 000) | | 17 463 | | |
| Fees: Burial (Item 4150 000) | | 18 824 | | |
| Fees: Refuse Dump (Item 4250 000) | | 25 848 | | |
| Rank Permits (Item 3580 000) | | (5 281) | | |
| Commission: Payroll Deductions (Item 4300 000) | | (10 554) | | |
| Management Fee (Item 3610 000) | | (79 860) | | |
| Rounding Errors | (2) | 1 | (0) | (0) |
| Restated Balance now reported | <u>41 631 680</u> | <u>500 045</u> | <u>0</u> | <u>126 458</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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40.3 Reclassification of Expenditure

The prior year figures of Expenditure Classes have been restated to correctly classify the nature of Expenditure of the municipality.

The effect of the Correction of Error is as follows:

| | 2011/12 Expenditure | 2011/12 Restated | Adjusted Amount |
|---|------------------------|---------------------|--------------------|
| Employee Related Costs | 20 027 040 | 19 739 540 | 287 500 |
| Remuneration of Councillors | 3 389 998 | 3 389 998 | 0 |
| Collection Costs | 16 939 | 16 939 | (0) |
| Depreciation and Amortisation | 4 016 422 | 4 016 421 | 1 |
| Impairment Losses | 473 068 | 431 420 | 41 648 |
| Repairs and Maintenance | 2 113 536 | 2 390 509 | (276 973) |
| Finance Costs | 26 696 | 26 696 | 0 |
| Contracted Services | 2 339 742 | 2 374 439 | (34 697) |
| Grants and Subsidies Paid | 64 730 | 2 083 698 | (2 018 968) |
| General Expenses | 11 511 884 | 9 724 877 | 1 787 007 |
| Loss on Disposal of Property, Plant and Equipment | 9 200 | 9 200 | (0) |
| Landfill Rehabilitation | 256 130 | - | 256 130 |
| Impairment Loss/(Reversal of Impairment Loss) | (41 648) | - | (41 648) |
| Surplus / (Deficit) for the Year | 9 246 860 | 9 246 858 | 2 |
| | 53 450 597 | 53 450 596 | 1 |

The Restated Amounts above are because of the following corrections made:

| | Employee Costs | Remuneration Councillors | Collection Costs | Depreciation & Amortisation |
|--------------------------------------|-------------------|-----------------------------|---------------------|--------------------------------|
| Balance previously reported | 20 027 040 | 3 389 998 | 16 939 | 4 016 422 |
| Insurance: WCA (Item 7330 000) | (125 294) | | | |
| Uniforms (Item 5130 000) | (162 206) | | | |
| Rounding Errors | 0 | (0) | 0 | (1) |
| Restated Balance now reported | 19 739 540 | 3 389 998 | 16 939 | 4 016 421 |

| | Impairment Losses | Repairs & Maintenance | Finance Costs | Contracted Services | Grants Paid |
|--|----------------------|--------------------------|------------------|------------------------|------------------|
| Balance previously reported | 473 068 | 2 113 536 | 26 696 | 2 339 742 | 64 730 |
| Impairment - Assets (Item 7431 000) | (41 648) | | | | |
| Landfill Site Rehabilitation (Item 6692 000) | | 256 129 | | | |
| Recording System (Item 6261 000) | | 3 252 | | (3 252) | |
| Service - Air Conditioners (Item 6262 000) | | 11 700 | | | |
| Steiner Hygiene (Item 6267 000) | | 5 027 | | (5 027) | |
| Traffic Contravention System (Item 6280 000) | | 865 | | (865) | |
| Cellphone Contracts (Item 6205 000) | | | | (100 178) | |
| Employment Agencies (Item 6259 000) | | | | 286 695 | |
| Multichoice (Item 6312 000) | | | | (1 503) | |
| Switchboard Autopage (Item 6265 000) | | | | (141 172) | |
| Aids Awareness (Item 6490 000) | | | | | 22 980 |
| Arts and Culture (Item 6480 000) | | | | | 17 992 |
| Burial Support for Indigents (Item 7365 000) | | | | | 15 500 |
| Free Basic Electricity (Item 6751 000) | | | | | 622 613 |
| Free Basic Services (Item 6740 000) | | | | | 10 576 |
| Housing: Inhlazuka (Item 6646 001) | | | | | 1 148 611 |
| Housing: ST Bernard Mission (Item 6646 004) | | | | | 37 250 |
| Housing: Zwelethu (Item 6646 000) | | | | | 37 522 |
| Indigent Support (Item 6718 000) | | | | | 6 022 |
| Pauper Burials (Item 7360 000) | | | | | 10 000 |
| Sports and Recreation (Item 7215 000) | | | | | 70 088 |
| Youth Activities (Item 7336 000) | | | | | 19 815 |
| Rounding Errors | 1 | (0) | (0) | (0) | - |
| Restated Balance now reported | 431 420 | 2 390 509 | 26 696 | 2 374 439 | 2 083 698 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R | | | |
|--|----------------------------|---------------------------|----------------|-----------------|------------------|
| | General Expenses | Loss on PPE | | | |
| | Landfill Rehabilitation | Reversal of Impairment | | | |
| | Surplus for Year | | | | |
| Balance previously reported | 11 511 884 | 9 200 | 256 130 | (41 648) | 9 246 860 |
| Aids Awareness (Item 6490 000) | (22 980) | | | | |
| Arts and Culture (Item 6480 000) | (17 992) | | | | |
| Burial Support for Indigents (Item 7365 000) | (15 500) | | | | |
| Cellphone Contracts (Item 6205 000) | 100 178 | | | | |
| Employment Agencies (Item 6259 000) | (286 695) | | | | |
| Free Basic Electricity (Item 6751 000) | (622 613) | | | | |
| Free Basic Services (Item 6740 000) | (10 576) | | | | |
| Housing: Inhlazuka (Item 6646 001) | (1 148 611) | | | | |
| Housing: ST Bernard Mission (Item 6646 004) | (37 250) | | | | |
| Housing: Zwelethu (Item 6646 000) | (37 522) | | | | |
| Indigent Support (Item 6718 000) | (6 022) | | | | |
| Insurance: WCA (Item 7330 000) | 125 294 | | | | |
| Multichoice (Item 6312 000) | 1 503 | | | | |
| Pauper Burials (Item 7360 000) | (10 000) | | | | |
| Service - Air Conditioners (Item 6262 000) | (11 700) | | | | |
| Sports and Recreation (Item 7215 000) | (70 088) | | | | |
| Switchboard Autopage (Item 6265 000) | 141 172 | | | | |
| Uniforms (Item 5130 000) | 162 206 | | | | |
| Youth Activities (Item 7336 000) | (19 815) | | | | |
| Landfill Site Rehabilitation (Item 6692 000) | | | (256 129) | | |
| Impairment - Assets (Item 7431 000) | | | | 41 648 | |
| Rounding Errors | 2 | 0 | (1) | (0) | (2) |
| Restated Balance now reported | 9 724 877 | 9 200 | 0 | (0) | 9 246 858 |

40.4 Reclassification of Statement of Financial Position

The prior year figures of Classes in the Statement of Financial Position have been restated to correctly classify the nature of Assets, Liabilities and Net Assets of the municipality.

The effect of the Correction of Error is as follows:

| | 2011/12 Balance | 2011/12 Restated | Adjusted Amount |
|--|--------------------|---------------------|--------------------|
| Current Assets | | | |
| Inventories | 175 162 | 175 162 | 0 |
| Non-current Assets Held-for-Sale | 1 113 114 | 1 117 592 | (4 478) |
| Receivables from Exchange Transactions | 442 037 | 990 639 | (548 602) |
| Receivables from Non-exchange Transactions | 3 451 556 | 5 655 913 | (2 204 357) |
| VAT Receivable | 1 136 189 | 1 136 189 | 0 |
| Cash and Cash Equivalents | 37 721 545 | 37 721 545 | (0) |
| Current Portion of Long-term Receivables | 20 768 | 20 768 | - |
| Non-Current Assets | | | |
| Property, Plant and Equipment | 86 894 918 | 86 762 361 | 132 557 |
| Intangible Assets | 23 379 | 23 378 | 1 |
| Investment Property | 4 114 853 | 4 114 852 | 1 |
| Heritage Assets | - | 128 080 | (128 080) |
| Non-current Investments | - | 266 | (266) |
| Long-term Receivables | 4 704 379 | 1 951 156 | 2 753 223 |
| Current Liabilities | | | |
| Provisions | - | (153 000) | 153 000 |
| Payables from Exchange Transactions | (5 719 181) | (4 120 965) | (1 598 216) |
| Payables from Non-exchange Transactions | - | (1 598 219) | 1 598 219 |
| Unspent Conditional Grants and Receipts | (21 765 192) | (21 765 192) | 0 |
| Operating Lease Liabilities | (222 087) | (222 087) | 0 |
| Current Portion of Long-term Liabilities | (140 362) | (158 786) | 18 424 |
| Non-Current Liabilities | | | |
| Long-term Liabilities | (171 133) | (152 710) | (18 423) |
| Retirement Benefit Liabilities | (5 297 000) | (5 164 000) | (133 000) |
| Non-current Provisions | (3 589 430) | (3 569 431) | (19 999) |
| Net Assets | | | |
| Accumulated Surplus / (Deficit) | (102 893 515) | (102 893 513) | (2) |
| | <u>-</u> | <u>-</u> | <u>(0)</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

The Restated Amounts above are because of the following corrections made:

| | Inventories | Assets Held-for-Sale | Receivables: Exchange | Receivables: Non-exchange |
|--|----------------|-------------------------|--------------------------|------------------------------|
| Balance previously reported | 175 162 | 1 113 114 | 442 037 | 3 451 556 |
| Depreciation recorded - not allowed | | 4 478 | | |
| Accrued Income (Vote 10 05 55 0560 000) | | | (51 353) | 51 353 |
| Miscellaneous Debtors (Vote 10 05 55 0520 000) | | | 935 873 | (935 873) |
| Rates Debtors (Vote 10 05 55 0510 000) | | | (335 918) | 3 088 877 |
| Rounding Errors | (0) | (0) | 0 | (1) |
| Restated Balance now reported | <u>175 162</u> | <u>1 117 592</u> | <u>990 639</u> | <u>5 655 913</u> |

| | VAT Receivable | Cash & Equivalents | Property, Plant & Equipment | Intangible Assets |
|---|-------------------|-----------------------|--------------------------------|----------------------|
| Balance previously reported | 1 136 189 | 37 721 545 | 86 894 918 | 23 379 |
| Depreciation recorded on Assets Held-for-Sale | | | (4 478) | |
| Heritage Assets (Vote 10 05 30 1735 000) | | | (128 080) | |
| Rounding Errors | (0) | 0 | 1 | (1) |
| Restated Balance now reported | <u>1 136 189</u> | <u>37 721 545</u> | <u>86 762 361</u> | <u>23 378</u> |

| | Investment Property | Heritage Assets | Non-current Investments | Long-term Receivables |
|--|------------------------|--------------------|----------------------------|--------------------------|
| Balance previously reported | 4 114 853 | - | - | 4 704 379 |
| Heritage Assets (Vote 10 05 30 1735 000) | | 128 080 | | |
| NCT Shares (Vote 10 05 35 0461 001) | | | 266 | (266) |
| Rates Debtors (Vote 10 05 55 0510 000) | | | | (2 752 959) |
| Rounding Errors | (1) | 0 | - | 2 |
| Restated Balance now reported | <u>4 114 852</u> | <u>128 080</u> | <u>266</u> | <u>1 951 156</u> |

| | Provisions | Payables: Exchange | Payables: Non-exchange | Unspent Grants | Lease Liabilities |
|---|------------------|-----------------------|---------------------------|---------------------|----------------------|
| Balance previously reported | - | (5 719 181) | - | (21 765 192) | (222 087) |
| LSA - Current (Vote 10 05 60 0975 000) | (20 000) | | | | |
| Health - Current (Vote 10 05 60 0970 000) | (133 000) | | | | |
| Deposits - Appeal (Vote 10 05 25 0265 000) | | 7 700 | (7 700) | | |
| Deposits - Hall (Vote 10 05 25 0260 000) | | 6 494 | (6 494) | | |
| Deposits - Stalls (Vote 10 05 25 0280 000) | | 5 206 | (5 206) | | |
| In Advance - Debtors (Vote 10 05 65 0520 000) | | 2 010 | (2 010) | | |
| In Advance - Rates (Vote 10 05 65 0510 000) | | 136 931 | (136 931) | | |
| In Advance - Refuse (Vote 10 05 65 0580 000) | | 6 753 | (6 753) | | |
| Leave Payments (Vote 10 05 60 0960 000) | | 1 252 416 | (1 252 416) | | |
| UIF Deductions (Vote 10 05 65 1225 010) | | 105 | (105) | | |
| Unknown Deposits (Vote 10 05 65 1210 000) | | 180 602 | (180 602) | | |
| Union Fees (Vote 10 05 65 1225 004) | | 2 | (2) | | |
| Rounding Difference | - | (2) | | (0) | (0) |
| Restated Balance now reported | <u>(153 000)</u> | <u>(4 120 965)</u> | <u>(1 598 219)</u> | <u>(21 765 192)</u> | <u>(222 087)</u> |

| | Current LT Liabilities | Long-term Liabilities | Retirement Liabilities | Non-current Provisions | Accumulated Surplus |
|---|---------------------------|--------------------------|---------------------------|---------------------------|------------------------|
| Balance previously reported | (140 362) | (171 133) | (5 297 000) | (3 589 430) | (102 893 515) |
| Future Finance Charges | (18 424) | 18 424 | | | |
| Health - Current (Vote 10 05 60 0970 000) | | | 133 000 | | |
| LSA - Current (Vote 10 05 60 0975 000) | | | | 20 000 | |
| Rounding Difference | - | (1) | 0 | (1) | 2 |
| Restated Balance now reported | <u>(158 786)</u> | <u>(152 710)</u> | <u>(5 164 000)</u> | <u>(3 569 431)</u> | <u>(102 893 513)</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 2012
R R

40.5 Reclassification of Statement of Financial Performance

Prior year amounts of items in the Statement of Financial Performance have been restated as indicated below:

Property Rates:

The prior year amounts for *Property Rates* and Payables have been restated to correctly disclose the revenue for Property Rates, previously raised in error.

Rental of Facilities and Equipment:

The prior year amounts for *Rental of Facilities and Equipment* and Payables have been restated to correctly disclose the revenue for rental for halls exempted, previously raised in error.

Furthermore, the prior year amounts for *Rental of Facilities & Equipment*, Contracted Services and General Expenses have been restated to correctly disclose the revenue for rental of the plantation, expenditure previously netted off against income.

Interest Earned - External Investments:

The prior year amounts for *Interest Earned on External Investments* and Accumulated Surplus have been restated to correctly disclose the revenue for Interest Earned on investments of the Housing Development Fund in terms GRAP 1.114, previously credited directly to Net Assets.

Employee Related Costs:

The prior year amounts for *Employee Related Costs* and Payables have been restated to correctly disclose the expenditure for medical aid contributions, previously deducted in error.

Furthermore, the prior year amounts for *Employee Related Costs* and Retirement Benefit Liabilities have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2012.

Depreciation and Amortisation:

The prior year amounts for *Depreciation & Amortisation* and Property, Plant & Equipment have been restated to correctly disclose the depreciation for the landfill site, previously capitalised incorrectly.

Repairs and Maintenance:

The prior year amounts for *Repairs & Maintenance* and Non-current Provisions have been restated to correctly disclose the interest cost accrued to the Provision for Rehabilitation of Landfill Sites, previously incorrectly expensed.

Finance Costs:

The prior year amounts for *Finance Costs* and Non-current Provisions have been restated to correctly disclose the interest cost accrued to the Provision for Rehabilitation of Landfill Sites, previously incorrectly expensed against Repairs & Maintenance.

Contracted Services:

The prior year amounts for *Contracted Services* and Rental of Facilities & Equipment have been restated to correctly disclose the expenditure for the plantation, previously netted off against income.

General Expenses:

The prior year amounts for *General Expenses* and Rental of Facilities & Equipment have been restated to correctly disclose the expenditure for the plantation, previously netted off against income.

Furthermore, the prior year amounts for *General Expenses* and Payables have been restated to correctly disclose Fruitless Expenditure recovered, previously expensed.

The effect of the Correction of Error is as follows:

| | Property Rates | Rental of Facilities | Interest: External Invest |
|--|---------------------------|---------------------------|------------------------------|
| Amount per AFS previously published for 2011/12 | (6 115 439) | (1 349 177) | (1 610 290) |
| Reclassify Assessment Rates reversed | 13 172 | | |
| Reclassify Rental exempted | | 2 500 | |
| Reclassify Rental for Plantation | | (1 649 356) | |
| Reclassify Interest Earned by Housing Development Fund | | | (10 228) |
| Restated Amount currently disclosed for 2011/12 | <u>(6 102 267)</u> | <u>(2 996 033)</u> | <u>(1 620 518)</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|-----------------------------------|--|
| | Employee Related Costs | Depreciation & Amortisation |
| | | Repairs & Maintenance |
| Amount per AFS previously published for 2011/12 | 19 739 540 | 4 016 421 |
| Reclassify Medical Aid Contributions refunded | (3 000) | |
| Reclassify transactions to Actuarial Report | (588 436) | |
| Reclassify depreciation on recalculated value of Landfill Site | | (284 706) |
| Reclassify interest accrued to Landfill Site Rehabilitation | | (256 130) |
| Restated Amount currently disclosed for 2011/12 | 19 148 104 | 3 731 716 |
| | Finance Costs | Contracted Services |
| | | General Expenses |
| Amount per AFS previously published for 2011/12 | 26 696 | 2 374 439 |
| Reclassify interest accrued to Landfill Site Rehabilitation | 151 552 | |
| Reclassify Expenditure for Plantation | | 1 147 545 |
| Reclassify Fruitless Expenditure recovered | | 501 811 (18 466) |
| Restated Amount currently disclosed for 2011/12 | 178 248 | 3 521 984 |

40.6 Reclassification of Statement of Financial Position

Opening balances and prior year amounts of items in the Statement of Financial Position have been restated as indicated below:

Receivables from Non-exchange Transactions:

The prior year amounts for *Payables from Non-exchange Transactions* and Property Rates have been restated to correctly disclose the revenue for Property Rates, previously raised in error.

Furthermore, the prior year amounts for *Payables from Non-exchange Transactions* and Rental of Facilities & Equipment have been restated to correctly disclose the revenue for rental for halls exempted, previously raised in error.

Furthermore, the prior year amounts for *Payables from Non-exchange Transactions* and Employee Related Costs have been restated to correctly disclose the expenditure for medical aid contributions, previously deducted in error.

Furthermore, the prior year amounts for *Payables from Non-exchange Transactions* and General Expenses have been restated to correctly disclose Fruitless Expenditure recovered, previously expensed.

Non-current Assets Held-for-Sale:

The **prior year amounts** for *Non-current Assets Held-for-Sale* and Property, Plant & Equipment have been restated to correctly disclose the amount for assets of the municipality in respect of Accumulated Depreciation on assets recognised for sale not previously included in the transfer.

Property, Plant and Equipment:

The **opening balances** of *Property, Plant & Equipment*, Non-current Provisions and Accumulated Surplus have been restated to correctly disclose the carrying value of the landfill site, previously capitalised incorrectly.

The **prior year amounts** for *Property, Plant & Equipment* and Non-current Assets Held-for-Sale have been restated to correctly disclose the amount for assets of the municipality in respect of Accumulated Depreciation on assets recognised for sale not previously included in the transfer.

Furthermore, the **prior year amounts** for *Property, Plant & Equipment* and Depreciation & Amortisation have been restated to correctly disclose the depreciation for the landfill site, previously capitalised incorrectly.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 **2012**
R **R**

Retirement Benefit Liabilities:

The **opening balances** of *Retirement Benefit Liabilities* and Accumulated Surplus have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2012.

The **prior year amounts** for *Retirement Benefit Liabilities* and Employee Related Costs have been restated to correctly disclose the amount for the Provision for Health Care Benefits of the municipality in terms of the Actuarial Report as at 30 June 2012.

Non-current Provisions:

The **opening balances** of *Non-current Provisions*, Property, Plant & Equipment and Accumulated Surplus have been restated to correctly disclose the value of the Provision for Rehabilitation of Landfill Sites, previously capitalised incorrectly.

The **prior year amounts** for *Non-current Provisions* and Finance Costs have been restated to correctly disclose the interest cost accrued to the Provision for Rehabilitation of Landfill Sites, previously calculated on incorrect initial amount.

The effect of the Correction of Error is as follows:

| | Receivables: Non-exchange | Assets Held-for-Sale | Property, Plant & Equipment |
|---|--------------------------------------|---------------------------------|--|
| Balances previously published per AFS as at 30 June 2011 | 1 348 538 | 1 018 872 | 75 823 300 |
| Reclassifications as per Note 40.3 above | 1 515 625 | 0 | (128 081) |
| Reclassify opening balance to Valuation Report | - | - | (595 866) |
| Balances now published per AFS as at 30 June 2011 | 2 864 163 | 1 018 872 | 75 099 353 |
| Transactions incurred for the Year 2011/12 | 2 103 018 | 94 242 | 11 071 618 |
| Reclassifications as per Note 40.3 above | 688 731 | 4 478 | (4 476) |
| Reclassify Assets Transferred | | (4 478) | 4 478 |
| Reclassify Assessment Rates reversed | (13 172) | | |
| Reclassify Rental exempted | (2 500) | | |
| Reclassify Medical Aid Contributions refunded | 3 000 | | |
| Reclassify Fruitless Expenditure recovered | 18 466 | | |
| Reclassify depreciation to Valuation Report | | | 284 706 |
| Balances now published per AFS as at 30 June 2012 | 5 661 707 | 1 113 114 | 86 455 679 |
| | | Retirement Benefits | Non-current Provisions |
| Balances previously published per AFS as at 30 June 2011 | | (3 849 564) | (3 214 300) |
| Reclassifications as per Note 40.3 above | | 127 000 | 29 999 |
| Reclassify opening balance to Actuarial Report | | (588 787) | - |
| Reclassify opening balance to Valuation Report | | - | 975 083 |
| Balances now published per AFS as at 30 June 2011 | | (4 311 351) | (2 209 217) |
| Transactions incurred for the Year | | (1 447 436) | (375 130) |
| Reclassifications as per Note 40.3 above | | 6 000 | (10 000) |
| Reclassify transactions to Actuarial Report | | 588 436 | - |
| Reclassify depreciation to Valuation Report | | - | 104 578 |
| Balances now published per AFS as at 30 June 2012 | | (5 164 351) | (2 489 769) |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------------|-------------------|
| 41 CASH GENERATED BY OPERATIONS | | |
| Surplus / (Deficit) for the Year | 14 332 375 | 10 240 599 |
| Adjustment for: | | |
| Depreciation and Amortisation | 4 306 412 | 3 731 716 |
| Impairment Losses on Property, Plant and Equipment | 33 427 | (41 648) |
| Losses / (Gains) on Disposal of Property, Plant and Equipment | 151 596 | 9 200 |
| Property, Plant and Equipment transferred to Assets Held-for-Sale | 534 482 | 94 242 |
| Contribution to Retirement Benefit Liabilities | 1 808 215 | 986 000 |
| Expenditure incurred from Retirement Benefit Liabilities | (132 545) | (127 000) |
| Contribution to Provisions - Non-current | 552 340 | 300 552 |
| Expenditure incurred from Provisions - Current | (20 000) | (30 000) |
| Contribution to Impairment Provision | 3 883 549 | 473 068 |
| Bad Debts Written-off | (65 294) | (5 133) |
| Operating surplus before working capital changes | 25 384 556 | 15 631 597 |
| Decrease/(Increase) in Inventories | 148 863 | (3 452) |
| Decrease/(Increase) in Non-Current Assets Held-for-Sale | (432 422) | (94 242) |
| Decrease/(Increase) in Receivables from Exchange Transactions | (197 330) | (577 297) |
| Decrease/(Increase) in Receivables from Non-exchange Transactions | 1 575 489 | (3 244 585) |
| Decrease/(Increase) in VAT Receivable | 390 901 | (79 495) |
| Decrease/(Increase) in Current Portion of Long-term Receivables | (1 832) | (3 217) |
| Increase/(Decrease) in Payables from Exchange Transactions | 1 575 620 | (1 496 649) |
| Increase/(Decrease) in Payables from Non-exchange Transactions | 431 926 | 165 805 |
| Increase/(Decrease) in Conditional Grants and Receipts | (1 805 387) | 6 021 678 |
| Increase/(Decrease) in Operating Lease Liabilities | 37 388 | 38 012 |
| Cash generated by / (utilised in) Operations | 27 107 771 | 16 358 155 |

42 NON-CASH INVESTING AND FINANCING TRANSACTIONS

The municipality did not enter into any Non-cash Investing and Financing Transactions during the 2012/13 financial year.

43 FINANCING FACILITIES

The municipality did not have any Financing Facilities available at any time during the two financial years.

44 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

| | | |
|--|-----------|-----------|
| Long-term Liabilities (See Note 20) | 171 134 | 311 496 |
| Used to finance Property, Plant and Equipment - at cost | (171 134) | (311 496) |
| Sub-total | - | - |
| Cash set aside for the Repayment of Long-term Liabilities (See Notes 7 and 13) | - | - |
| Cash invested for Repayment of Long-term Liabilities | - | - |

Long-term Liabilities have been utilised in accordance with the Municipal Finance Management Act. Sufficient cash is available to ensure that Long-term Liabilities can be repaid on the scheduled redemption dates.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013
R

2012
R

45 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

45.1 Unauthorised Expenditure

Reconciliation of Unauthorised Expenditure:

| | | |
|---|------------------|------------------|
| Opening balance | 2 232 729 | - |
| Unauthorised Expenditure current year | 5 417 782 | 2 232 729 |
| Approved by Council or condoned | - | - |
| To be recovered – contingent asset (see Note 52) | - | - |
| Transfer to receivables for recovery (see Note 5) | - | - |
| Unauthorised Expenditure awaiting authorisation | 7 650 511 | 2 232 729 |

| Incident | Disciplinary Steps / Criminal Proceedings |
|---|---|
| <i>Budgeted votes exceeded:-</i> | <i>To be condoned by Council</i> |
| - Finance and Administration - R2 878 826 (2012: R0) | |
| - Community and Social Services - R1 337 233 (2012: R0) | |
| - Housing - R66 000 (2012: R611 652) | |
| - Sport and Recreation - R1 135 723 (2012: R1 621 078) | |
| - Waste Management - R0 (2012: R0) | |

45.2 Fruitless and Wasteful Expenditure

Reconciliation of Fruitless and Wasteful expenditure:

| | | |
|---|---------------|----------|
| Opening balance | - | - |
| Fruitless and Wasteful Expenditure current year | 95 061 | 19 305 |
| Condoned or written off by Council | - | - |
| To be recovered – contingent asset (see Note 52) | - | (19 305) |
| Transfer to receivables for recovery (see Note 5) | - | - |
| Fruitless and Wasteful Expenditure awaiting condonement | 95 061 | - |

| Incident | Disciplinary Steps / Criminal Proceedings |
|--|---|
| <i>Penalties incurred on Late Payments - R95 061 (2012: R19 305)</i> | <i>None</i> |

45.3 Irregular Expenditure

To management's best of knowledge instances of note indicating that Irregular Expenditure was incurred during the year under review were not revealed.

46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

46.1 Contributions to organised local government - SALGA

| | | |
|---|-----------|-----------|
| Opening Balance | - | - |
| Council Subscriptions | 400 000 | 110 000 |
| Amount Paid - current year | (400 000) | (110 000) |
| Amount Paid - previous years | - | - |
| Balance Unpaid (included in Creditors) | - | - |

46.2 Audit Fees

| | | |
|---|-----------|-----------|
| Opening Balance | - | - |
| Current year Audit Fee | 719 430 | 532 817 |
| Amount Paid - current year | (719 430) | (532 817) |
| Amount Paid - previous years | - | - |
| Balance Unpaid (included in Creditors) | - | - |

46.3 VAT

The net of VAT input payables and VAT output receivables are shown in Note 6. All VAT returns have been submitted by the due date throughout the year.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|-------------|-------------|
| 46.4 PAYE, Skills Development Levy and UIF | | |
| Opening Balance | - | - |
| Current year Payroll Deductions | 2 993 843 | 2 869 315 |
| Amount Paid - current year | (2 993 843) | (2 869 315) |
| Amount Paid - previous years | - | - |
| Balance Unpaid (included in Creditors) | - | - |
| 46.5 Pension and Medical Aid Deductions | | |
| Opening Balance | - | - |
| Current year Payroll Deductions and Council Contributions | 4 524 891 | 4 083 414 |
| Amount Paid - current year | (4 524 891) | (4 083 414) |
| Amount Paid - previous years | - | - |
| Balance Unpaid (included in Creditors) | - | - |

46.6 Councillor's arrear Consumer Accounts

During the financial year under review no Councillor (present or past) was in arrear with the settlement of their municipal accounts.

46.7 Non-Compliance with the Municipal Finance Management Act

No known matters existed at reporting date.

46.8 Deviation from, and ratification of minor breaches of, the Procurement Processes

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

| Department | Date | Successful Tenderer | Reason | Amount |
|---|---------------------|-----------------------------------|---|-------------------|
| <i>Council</i> | <i>Year 2012/13</i> | <i>Casablanca Sound</i> | <i>Urgency and short notice</i> | <i>7 500.00</i> |
| <i>Procurement of services for Christmas decorations</i> | | | | |
| <i>Council</i> | <i>Year 2012/13</i> | <i>Pronel (6 occasions)</i> | <i>Provider was previously utilised; service extended</i> | <i>142 949.16</i> |
| <i>Procurement of services for Strategic Workshop</i> | | | | |
| <i>Municipal Manager</i> | <i>Year 2012/13</i> | <i>Sierra Ranch</i> | <i>Urgency and short notice</i> | <i>86 050.00</i> |
| <i>Procurement of services for the printing of the news letter</i> | | | | |
| <i>Municipal Manager</i> | <i>Year 2012/13</i> | <i>Cygnifusion</i> | <i>Provider was previously utilised; service extended</i> | <i>36 750.00</i> |
| <i>5 Occasions during the financial year procuring contracting services</i> | | | | |
| <i>Budget and Treasury</i> | <i>Year 2012/13</i> | <i>Fujitsu</i> | <i>Sole supplier of Abakus Software</i> | <i>6 052.00</i> |
| <i>Procurement of services for software support</i> | | | | |
| <i>Budget and Treasury</i> | <i>Year 2012/13</i> | <i>One Pangara</i> | <i>Urgency and short notice</i> | <i>12 000.78</i> |
| <i>Procurement of actuarial services</i> | | | | |
| <i>Budget and Treasury</i> | <i>Year 2012/13</i> | <i>Softline VIP (2 occasions)</i> | <i>Sole supplier of VIP Payroll Software</i> | <i>9 720.00</i> |
| <i>3 Occasions during the financial year procuring services for software support for mid-year reconciliation and tax year-end</i> | | | | |
| <i>Corporate Services</i> | <i>Year 2012/13</i> | <i>Ayanda Mbanga</i> | <i>Urgency and short notice</i> | <i>27 131.35</i> |
| <i>Procurement of advertising services</i> | | | | |
| <i>Corporate Services</i> | <i>Year 2012/13</i> | <i>Emakozeni</i> | <i>Urgency and short notice</i> | <i>6 740.00</i> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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| Department | Date | Successful Tenderer | Reason | Amount |
|--|--------------|----------------------|--------------------------|-----------|
| <i>Procurement of services for the supply of stationery</i> | | | | |
| Corporate Services | Year 2012/13 | Hopewell Stationers | Urgency and short notice | 3 868.02 |
| <i>Procurement of services for the supply of stationery</i> | | | | |
| Corporate Services | Year 2012/13 | Waltons Stationers | Urgency and short notice | 17 562.21 |
| <i>Procurement of vacuum cleaners</i> | | | | |
| Corporate Services | Year 2012/13 | MAKRO | Urgency and short notice | 11 996.97 |
| <i>Procurement of services for the rendering of IT services</i> | | | | |
| Corporate Services | Year 2012/13 | Kakhulu IT | Urgency and short notice | 42 494.91 |
| <i>Procurement of services for accommodation</i> | | | | |
| Community Services | Year 2012/13 | Gurders Bus Services | Urgency and short notice | 14 000.00 |
| <i>Procurement of transport services from Hopewell to KwaNongoma</i> | | | | |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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| | | | | |
|---|--------------|------------------------------------|---|-----------|
| Corporate Services | Year 2012/13 | Southern Sun | Urgency and short notice | 2 980.00 |
| <i>Procurement of services for accommodation</i> | | | | |
| Community Services | Year 2012/13 | JS Zuma | Urgency and short notice | 2 800.00 |
| <i>Procurement of services for the supply of hardware</i> | | | | |
| Community Services | Year 2012/13 | Country Hardware | Urgency and short notice | 9 777.04 |
| <i>Procurement of transport services</i> | | | | |
| Local Economic Development Services | Year 2012/13 | Village Hardware | Urgency and short notice | 16 973.00 |
| <i>Procurement of services for the securing of stables</i> | | | | |
| Planning Services | Year 2012/13 | Ataladu | Urgency and short notice | 8 700.00 |
| <i>Procurement of catering services for Imbizo</i> | | | | |
| Planning Services | Year 2012/13 | Beaulieu Lodge | Urgency and short notice | 2 975.00 |
| <i>Procurement of catering services</i> | | | | |
| Planning Services | Year 2012/13 | Ikonjane Logistic | Urgency and short notice | 28 824.86 |
| <i>Procurement of catering services for Imbizo</i> | | | | |
| Planning Services | Year 2012/13 | Izicode Elimhlophe (2 occasions) | Urgency and short notice | 21 500.00 |
| <i>2 Occasions during the financial year procuring catering services for Imbizo</i> | | | | |
| Planning Services | Year 2012/13 | Richmond Superspar (4 occasions) | Urgency and short notice | 21 072.96 |
| <i>2 Occasions during the financial year procuring refreshments for Imbizo</i> | | | | |
| Planning Services | Year 2012/13 | Savute | Urgency and short notice | 4 960.00 |
| <i>Procurement of catering services for Imbizo</i> | | | | |
| Planning Services | Year 2012/13 | Swelihle Construction | Urgency and short notice | 14 000.00 |
| <i>Procurement of catering services for Imbizo</i> | | | | |
| Technical Services | Year 2012/13 | Barloworld (2 occasions) | Sole supplier | 11 475.92 |
| <i>2 Occasions during the financial year procuring parts for vehicles</i> | | | | |
| Technical Services | Year 2012/13 | Bell (3 occasions) | Sole agent under warranty conditions | 32 435.18 |
| <i>3 Occasions during the financial year procuring services and parts for vehicles under warranty</i> | | | | |
| Technical Services | Year 2012/13 | DCB Auto Electrician (4 occasions) | Required strip & quote basis | 18 602.56 |
| <i>7 Occasions during the financial year procuring services for wiring, starter repairs and electric system</i> | | | | |
| Technical Services | Year 2012/13 | Datcentre PMB | Service under warranty to be done by agent only | 5 318.50 |
| <i>Procurement of 60 000 km warranty service</i> | | | | |
| Technical Services | Year 2012/13 | FSFM | Required strip & quote basis | 4 866.28 |
| <i>Procurement of services for repairing a compressor</i> | | | | |
| Technical Services | Year 2012/13 | Inkonka | Urgency and short notice | 2 800.00 |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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2012
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| | 2013 | 2012 |
|--|-------------|-------------|
| | R | R |
| <i>Procurement of services of hiring low-bed transporter</i> | | |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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R

| Department | Date | Successful Tenderer | Reason | Amount |
|--|--------------|----------------------------|--------------------------------------|---------------|
| Technical Services | Year 2012/13 | Key PMB (10 occasions) | Sole agent under warranty conditions | 56 712.96 |
| <i>10 Occasions during the financial year procuring services and parts for vehicles under warranty</i> | | | | |
| Technical Services | Year 2012/13 | Komatsu (2 occasions) | Sole agent under warranty conditions | 19 722.73 |
| <i>2 Occasions during the financial year procuring services and parts for vehicles under warranty</i> | | | | |
| Technical Services | Year 2012/13 | PMB Forestry | Required strip & quote basis | 1 955.00 |
| <i>Procurement of services for repairing cylinder, piston, gasket and gearbox</i> | | | | |
| Technical Services | Year 2012/13 | Palmer Agriculture | Required strip & quote basis | 4 295.00 |
| <i>Procurement of services for repairing Disc F40/150 Slasher</i> | | | | |
| Technical Services | Year 2012/13 | Reapers Agriculture | Parts only obtainable from agent | 3 687.00 |
| <i>Procurement of G75 gearbox for slasher</i> | | | | |
| Technical Services | Year 2012/13 | Summit Hose | Required strip & quote basis | 8 450.00 |
| <i>Procurement of parts for Bomag Hydraulic Motor</i> | | | | |
| Technical Services | Year 2012/13 | Workwear Deport | Urgency and short notice | 4 632.60 |
| <i>Procurement of uniforms</i> | | | | |
| Local Economic Development Services | Year 2012/13 | Netvendor | Urgency and short notice | 8 299.20 |
| <i>Procurement of pre paid electric meters</i> | | | | |
| Technical Services | Year 2012/13 | Industrial and Chainsaw | Urgency and short notice | 19 722.00 |
| <i>Procurement of a chainsaw</i> | | | | |
| Technical Services | Year 2012/13 | PMB Forestry | Urgency and short notice | 14 744.00 |
| <i>Procurement of services for the supply of spares</i> | | | | |
| Technical Services | Year 2012/13 | Build IT | Urgency and short notice | 6 475.00 |
| <i>Procurement of building materials</i> | | | | |
| Technical Services | Year 2012/13 | Utaladu Trading | Urgency and short notice | 8 700.00 |
| <i>Procurement of catering services</i> | | | | |
| Technical Services | Year 2012/13 | Kambodi Trading | Urgency and short notice | 180 000.00 |
| <i>Procurement of services for the hire of equipment</i> | | | | |
| Technical Services | Year 2012/13 | Richmond Tyres | Urgency and short notice | 35 545.20 |
| <i>Procurement of services for the supply of tyres</i> | | | | |
| Technical Services | Year 2012/13 | BP Drakensberg | Urgency and short notice | 182 763.10 |
| <i>Procurement of services for the supply and delivery of fuel and oil</i> | | | | |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | |
|-------------|-------------|
| 2013 | 2012 |
| R | R |
| 2013 | 2012 |
| R | R |

47 COMMITMENTS FOR EXPENDITURE

47.1 Capital Commitments

Commitments in respect of Capital Expenditure:

- Approved and Contracted for:-

Infrastructure
Housing

| | |
|------------------|-------------------|
| 8 885 688 | 16 056 873 |
| 7 356 999 | 14 881 362 |
| 1 528 689 | 1 175 511 |

Total Capital Commitments

| | |
|------------------|-------------------|
| 8 885 688 | 16 056 873 |
|------------------|-------------------|

This expenditure will be financed from:

Government Grants

| | |
|------------------|-------------------|
| 8 885 688 | 16 056 873 |
| 8 885 688 | 16 056 873 |

47.2 Lease Commitments

Finance Lease Liabilities and Non-cancellable Operating Lease Commitments are disclosed in Notes 19 and 20.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|--|-------------------------------------|--------------------------|
| 48 FINANCIAL INSTRUMENTS | | |
| 48.1 Classification | | |
| FINANCIAL ASSETS: | | |
| In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows: | | |
| <u>Financial Assets</u> | <u>Classification</u> | |
| Non-current Investments | | |
| Investment in Unlisted Shares | Amortised cost | 266 |
| | | 266 |
| Long-term Receivables | | |
| Housing | Amortised cost | - |
| | | 1 918 788 |
| uMgungundlovu District Municipality | Amortised cost | 9 768 |
| | | 32 368 |
| Receivables from Exchange Transactions | | |
| Refuse | Amortised cost | 82 472 |
| | | 54 766 |
| Other Receivables | Amortised cost | 1 141 742 |
| | | 935 873 |
| Receivables from Non-exchange Transactions | | |
| Assessment Rates Debtors | Amortised cost | 1 740 634 |
| | | 3 088 877 |
| Payments made in Advance | Amortised cost | 2 364 |
| | | 2 147 |
| Accruals | Amortised cost | 92 743 |
| | | 51 353 |
| Sundry Deposits | Amortised cost | 9 300 |
| | | 9 300 |
| Sundry Debtors | Amortised cost | 292 695 |
| | | 2 480 694 |
| Suspense Accounts | Amortised cost | 10 247 |
| | | 29 335 |
| Cash and Cash Equivalents | | |
| Call Deposits | Fair value | 42 565 733 |
| | | 36 700 683 |
| Bank Balances | Fair value | 835 704 |
| | | 1 017 662 |
| Cash Floats and Advances | Fair value | 3 200 |
| | | 3 200 |
| Current Portion of Long-term Receivables | | |
| uMgungundlovu District Municipality | Amortised cost | 22 600 |
| | | 20 768 |
| SUMMARY OF FINANCIAL ASSETS | | |
| Financial Assets at Amortised Cost: | | |
| Non-current Investments | Unlisted Shares | 266 |
| | | 266 |
| Long-term Receivables | Housing Loans | - |
| | | 1 918 788 |
| Long-term Receivables | uMgungundlovu District Municipality | 9 768 |
| | | 32 368 |
| Receivables from Exchange Transactions | Refuse | 82 472 |
| | | 54 766 |
| Receivables from Exchange Transactions | Other Debtors | 1 141 742 |
| | | 935 873 |
| Receivables from Non-exchange Transactions | Assessment Rates Debtors | 1 740 634 |
| | | 3 088 877 |
| Receivables from Non-exchange Transactions | Payments made in Advance | 2 364 |
| | | 2 147 |
| Receivables from Non-exchange Transactions | Accruals | 92 743 |
| | | 51 353 |
| Receivables from Non-exchange Transactions | Sundry Deposits | 9 300 |
| | | 9 300 |
| Receivables from Non-exchange Transactions | Sundry Debtors | 292 695 |
| | | 2 480 694 |
| Receivables from Non-exchange Transactions | Suspense Accounts | 10 247 |
| | | 29 335 |
| Current Portion of Long-term Receivables | uMgungundlovu District Municipality | 22 600 |
| | | 20 768 |
| | | <u>3 404 830</u> |
| | | <u>8 624 536</u> |
| Financial Assets at Fair Value: | | |
| Cash and Cash Equivalents | Call Deposits | 42 565 733 |
| | | 36 700 683 |
| Cash and Cash Equivalents | Bank Balances | 835 704 |
| | | 1 017 662 |
| Cash and Cash Equivalents | Cash Floats and Advances | 3 200 |
| | | 3 200 |
| | | <u>43 404 637</u> |
| | | <u>37 721 545</u> |
| Total Financial Assets | | <u>46 809 467</u> |
| | | <u>46 346 082</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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R **2012**
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FINANCIAL LIABILITIES:

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

| <u>Financial Liabilities</u> | <u>Classification</u> | | |
|---|---------------------------|------------------|------------------|
| Long-term Liabilities | | | |
| Annuity Loans | Amortised cost | 9 768 | 32 368 |
| Finance Lease Liabilities | Amortised cost | 11 035 | 120 342 |
| Payables from Exchange Transactions | | | |
| Trade Creditors | Amortised cost | 1 924 899 | 969 031 |
| Retentions | Amortised cost | 1 521 593 | 1 322 586 |
| Other Creditors | Amortised cost | 2 250 092 | 1 829 347 |
| Payables from Non-exchange Transactions | | | |
| Staff Leave Accrued | Amortised cost | 1 558 246 | 1 252 416 |
| Sundry Deposits | Amortised cost | 21 927 | 19 400 |
| Current Portion of Long-term Liabilities | | | |
| Annuity Loans | Amortised cost | 22 600 | 20 768 |
| Finance Lease Liabilities | Amortised cost | 127 731 | 138 018 |
| SUMMARY OF FINANCIAL LIABILITIES | | | |
| Financial Liabilities at Amortised Cost: | | | |
| Long-term Liabilities | Annuity Loans | 9 768 | 32 368 |
| Long-term Liabilities | Finance Lease Liabilities | 11 035 | 120 342 |
| Payables from Exchange Transactions | Trade Creditors | 1 924 899 | 969 031 |
| Payables from Exchange Transactions | Retentions | 1 521 593 | 1 322 586 |
| Payables from Exchange Transactions | Other Creditors | 2 250 092 | 1 829 347 |
| Payables from Non-exchange Transactions | Staff Leave Accrued | 1 558 246 | 1 252 416 |
| Payables from Non-exchange Transactions | Sundry Deposits | 21 927 | 19 400 |
| Current Portion of Long-term Liabilities | Annuity Loans | 22 600 | 20 768 |
| Current Portion of Long-term Liabilities | Finance Lease Liabilities | 127 731 | 138 018 |
| | | <u>7 447 891</u> | <u>5 704 277</u> |
| Total Financial Liabilities | | 7 447 891 | 5 704 277 |

48.2 Fair Value

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

Cash and Short-term Investments

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

Long-term Investments

The Fair Value of some Investments are estimated based on quoted market prices of those or similar investments. Unlisted Equity Investments are estimated using the discounted cash flow method.

Loan Receivables/Payables

Interest-bearing Borrowings and Receivables are generally at interest rates in line with those currently available in the market on a floating-rate basis, and therefore the Fair Value of these Financial Assets and Liabilities closely approximates their carrying values. Fixed interest-rate instruments are fair valued based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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Trade and Other Receivables/Payables

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the the current payment ratio's of the municipality's debtors.

Other Financial Assets and Liabilities

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Long-term Liabilities

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2013, as a result of the short-term maturity of these assets and liabilities.

The Financial Instruments of the municipality have been reclassified as disclosed in Note 39.6, Change in Accounting Policy.

Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

30 June 2013

| | Level 1 R | Level 2 R | Level 3 R | Total R |
|---|--------------|-------------------|--------------|-------------------|
| FINANCIAL ASSETS | | | | |
| Financial Instruments at Fair Value: | | | | |
| Call Deposits | - | 42 565 733 | - | 42 565 733 |
| Bank Balances and Cash | - | 838 904 | - | 838 904 |
| Total Financial Assets | <u>-</u> | <u>43 404 637</u> | <u>-</u> | <u>43 404 637</u> |
| FINANCIAL LIABILITIES | | | | |
| Financial Instruments at Fair Value: | | | | |
| Total Financial Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Financial Instruments | <u>-</u> | <u>43 404 637</u> | <u>-</u> | <u>43 404 637</u> |

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013 R | | 2012 R |
|---|----------------|-------------------|----------------|-------------------|
| 30 June 2012 | | | | |
| | Level 1 | | Level 2 | |
| | R | | R | |
| | | | Level 3 | |
| | | | R | |
| | | | | Total |
| | | | | R |
| FINANCIAL ASSETS | | | | |
| Financial Instruments at Fair Value: | | | | |
| Call Deposits | - | 36 700 683 | - | 36 700 683 |
| Bank Balances and Cash | - | 1 020 862 | - | 1 020 862 |
| Total Financial Assets | <u>-</u> | <u>37 721 545</u> | <u>-</u> | <u>37 721 545</u> |
| FINANCIAL LIABILITIES | | | | |
| Financial Instruments at Fair Value: | | | | |
| Total Financial Liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Financial Instruments | <u>-</u> | <u>37 721 545</u> | <u>-</u> | <u>37 721 545</u> |

48.3 Capital Risk Management

The municipality manages its capital to ensure that the municipality will be able to continue as a going concern while delivering sustainable services to consumers through the optimisation of the debt and equity balance. The municipality's overall strategy remains unchanged from 2010.

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 23 and the Statement of Changes in Net Assets.

Gearing Ratio

| | | 2013 R | | 2012 R |
|---|--|-----------------------|--|-----------------------|
| The gearing ratio at the year-end was as follows: | | | | |
| Debt | | 171 134 | | 311 496 |
| Cash and Cash Equivalents | | (43 404 637) | | (37 721 545) |
| Net Debt | | <u>(43 233 503)</u> | | <u>(37 410 050)</u> |
| Equity | | <u>117 999 832</u> | | <u>103 667 457</u> |
| Net debt to equity ratio | | <u>-36.64%</u> | | <u>-36.09%</u> |

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

48.4 Financial Risk Management Objectives

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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R

48.5 Significant Risks

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

Market Risk

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit Risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

Liquidity Risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

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

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Notes 48.8 and 48.9 to the Annual Financial Statements.

48.6 Market Risk

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 48.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

48.6.1 Foreign Currency Risk Management

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

48.6.2 Interest Rate Risk Management

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Consumer Debtors comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Consumer debtors are presented net of a provision for impairment.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| 2013 | 2012 |
|------|------|
| R | R |

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to interest rate risk as the municipality borrows funds at fixed interest rates.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

Interest Rate Sensitivity Analysis

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 48.9 below:

Cash and Cash Equivalents:

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2013 would have increased / decreased by R405 599 (30 June 2012: increased / decreased by R295 507). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

48.7 Credit Risk Management

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables

Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates and waste services rendered to them.

The municipality limits this risk exposure in the following ways, in addition to its normal credit control and debt management procedures:

- The application of section 118(3) of the Municipal Systems Act (MSA), which permits the municipality to refuse connection of services whilst any amount remains outstanding from a previous debtor on the same property;
- A new owner is advised, prior to the issue of a revenue clearance certificate, that any debt remaining from the previous owner will be transferred to the new owner, if the previous owner does not settle the outstanding amount;
- The consolidation of rates and service accounts, enabling recovery for the non-payment of any of the individual debts, in terms of section 102 of the MSA;

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Payment of accounts of consumer debtors, who are unable to pay, are renegotiated as an ongoing customer relationship in response to an adverse change in the circumstances of the customer in terms of the Credit Control and Debt Collection Policy.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 **2012**
R **R**

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

| Counterparty and Location | 30 June 2013 | | 30 June 2012 | |
|-----------------------------|--------------|-----------------|--------------|-----------------|
| | Credit Limit | Carrying Amount | Credit Limit | Carrying Amount |
| | R | R | R | R |
| J Hassum | - | 100 481 | - | 55 792 |
| RSA | - | 207 091 | - | 84 975 |
| Estate Late AS Suleman | - | 227 685 | - | 216 438 |
| Magnificent Four Properties | - | 973 390 | - | 839 610 |
| Sevontein Prison | - | 520 645 | - | 1 960 311 |

2013 **2012**
R **R**

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

| | | |
|---------------------------------|------------|------------|
| Fixed Deposit Investments | 266 | 266 |
| Long-term Receivables | 1 948 631 | 1 971 924 |
| Consumer Debtors | 1 436 811 | 1 239 480 |
| Other Debtors | 6 179 349 | 7 754 839 |
| Bank, Cash and Cash Equivalents | 43 404 637 | 37 721 545 |

Maximum Credit and Interest Risk Exposure

52 969 694 **48 688 054**

The major concentrations of credit risk that arise from the municipality's receivables in relation to customer classification are as follows:

| | % | % |
|--------------------------------------|----------------|----------------|
| Consumer Debtors: | | |
| - Household | 28.18% | 16.70% |
| - Industrial / Commercial | 23.56% | 18.06% |
| - National and Provincial Government | 12.78% | 25.21% |
| - Other Classes | 21.15% | 11.43% |
| Other Debtors: | | |
| - Other not Classified | 14.33% | 28.61% |
| Total Credit Risk | 100.00% | 100.00% |

Bank and Cash Balances

| | | |
|---------------------|------------|------------|
| First National Bank | 21 549 188 | 30 331 288 |
| Nedbank | 21 878 144 | 7 387 058 |
| Cash Equivalents | 3 200 | 3 200 |

Total Bank and Cash Balances

43 430 532 **37 721 545**
25 895.17

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 R | 2012 R |
|---|----------------|------------------|
| Credit quality of Financial Assets: | | |
| The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates: | | |
| Long-term Receivables | | |
| Group 1 | 32 368 | 53 136 |
| Group 2 | - | 1 918 788 |
| Total Long-term Receivables | 32 368 | 1 971 924 |
| Receivables from Exchange Transactions | | |
| Counterparties without external credit rating:- | | |
| Group 1 | 50 347 | 43 336 |
| Group 2 | 27 325 | 21 558 |
| | 77 672 | 64 894 |
| Total Receivables from Exchange Transactions | 77 672 | 64 894 |
| Receivables from Non-exchange Transactions | | |
| Group 1 | 427 687 | 2 610 686 |
| Group 2 | - | - |
| Total Receivables from Non-exchange Transactions | 427 687 | 2 610 686 |

Credit quality Groupings:

Group 1 - High certainty of timely payment. Liquidity factors are strong and the risk of non-payment is small.

Group 2 - Reasonable certainty of timely payment. Liquidity factors are sound, although ongoing funding needs may enlarge financing requirement. The risk of non-payment is small.

Group 3 - Satisfactory liquidity factors and other factors which qualify the entity as investment grade. However, the risk factors of non-payment are larger.

None of the financial assets that are fully performing have been renegotiated in the last year.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

48 FINANCIAL INSTRUMENTS (Continued)

48.8 Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 43 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

Liquidity and Interest Risk Tables

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

| Description | Note ref in AFS | Average effective Interest Rate | Total | 6 Months or less | 6 - 12 Months | 1 - 2 Years | 2 - 5 Years | More than 5 Years |
|------------------------------------|-----------------------|---------------------------------------|-------------------|---------------------|------------------|------------------|----------------|----------------------|
| | # | % | R | R | R | R | | R |
| 30 June 2013 | | | | | | | | |
| Non-interest Bearing | | 0.00% | 3 408 030 | 3 375 396 | - | 32 368 | - | 266 |
| Variable Interest Rate Instruments | | 4.18% | 43 401 437 | 43 401 437 | - | - | - | - |
| | | | 46 809 467 | 46 776 832 | - | 32 368 | - | 266 |
| 30 June 2012 | | | | | | | | |
| Non-interest Bearing | | 0.00% | 8 627 736 | 6 655 546 | - | 1 971 924 | - | 266 |
| Variable Interest Rate Instruments | | 5.48% | 37 718 345 | 37 718 345 | - | - | - | - |
| | | | 46 346 082 | 44 373 891 | - | 1 971 924 | - | 266 |

The municipality expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets. The municipality expects to maintain current debt to equity ratio. This will be achieved through increased service tariff charges and the increased use of unsecured bank loan facilities.

48.9 Other Price Risks

The municipality is not exposed to equity price risks arising from equity investments as the municipality does not trade these investments.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | |
|-------------|-------------|
| 2013 | 2012 |
| R | R |

49 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION

The municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes.

Employees belong to a variety of approved Pension and Provident Funds as described below.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 882 655 (2012: R1 501 738) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation.

DEFINED BENEFIT SCHEMES

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R251,2 (31 March 2011: shortfall of R382,3) million, with a funding level of 90,6% (31 March 2011: 84,1%). The contribution rate, including the surcharges below, paid by the members (8,65%) and municipalities (29,00%) was expected to eradicate the shortfall in the fund by 31 March 2015. However, the basic contribution payable is 4,72% less than the required contribution rate.

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 17,50% of pensionable emoluments, of which 1,65% is payable by members and 15,85% is payable by the local authority.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the surcharge will be increased to 34,22% with effect from 1 July 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Superannuation Fund in the near future.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the fund had a shortfall of R270,0 (31 March 2011: shortfall of R549,5) million, with a funding level of 96,0% (31 March 2011: 90,9%). The contribution rate paid by the members (9,25%) and municipalities (18,00%) is 3,63% (31 March 2011: 3,63%) less than the required contribution rate for future service and will be reviewed at the next interim valuation. The deficit in respect of active members is being met by a surcharge of 9,5% (31 March 2011: 7,0%) of pensionable salaries. It was expected that the deficit will be fully funded by 2016.

This surcharge is payable until 31 March 2015. It is necessary that the basic employer contribution be increased by 4,72% to 18,37% and the surcharge be increased to 17,5% and extended by a further 3 years to 31 March 2018. This position will be monitored on an annual basis. Subsequently, notice has been served that the total rate of contribution from the employer will be increased to 31,13% (18,00% + 3,63% increase in basic rate + 9,50% surcharge) with effect from 1 July 2012 for a period of 8 years.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 **2012**
R R

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund merge with the Retirement Fund in the near future.

DEFINED CONTRIBUTION SCHEMES

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2012 by Arthur Els & Associates.

The interim actuarial valuation performed as at 31 March 2012 revealed that the market value of the fund was R1 288,3 (31 March 2011: R1 056,2) million. The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2012.

None of the above mentioned plans are State Plans.

50 RELATED PARTY TRANSACTIONS

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

50.1 Interest of Related Parties

No Related Party Interests have been identified/declared for the two financial years under review.

50.2 Services rendered to Related Parties

During the year the municipality rendered services to the following related parties that are related to the municipality as indicated:

| | Rates Charges R | Service Charges R | Sundry Charges R | Outstanding Balances R |
|--|-----------------------|-------------------------|------------------------|------------------------------|
| For the Year ended 30 June 2013 | | | | |
| Councillors | 3 318 | 870 | - | - |
| Municipal Manager and Section 57 Personnel | 2 814 | 435 | - | - |
| Total Services | 6 132 | 1 305 | - | - |
| For the Year ended 30 June 2012 | | | | |
| Councillors | 3 293 | 821 | - | - |
| Municipal Manager and Section 57 Personnel | 2 705 | 410 | - | - |
| Total Services | 5 998 | 1 231 | - | - |

The services rendered to Related Parties are charged at approved tariffs that were advertised to the public. No Bad Debts were written off or recognised in respect of amounts owed by Related Parties.

50.3 Loans granted to Related Parties

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. Loans, together with the conditions thereof, granted prior to this date are disclosed in Note 14 to the Annual Financial Statements.

50.4 Compensation of Related Parties

Compensation of Key Management Personnel and Councillors is set out in Appendix G, Statement of Remuneration of Management, to the Annual Financial Statements.

50.5 Purchases from Related Parties

The municipality did not buy goods from any companies which can be considered to be Related Parties.

RICHMOND LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

| | 2013 | 2012 |
|---|---------------|---------------|
| | R | R |
| 51 CONTINGENT LIABILITIES | | |
| 51.1 Guarantees: | 12 000 | 22 000 |
| (i) First National Bank: Council provided letters of suretyship to First National Bank to assist staff members to obtain home loans. These sureties were provided prior to the introduction of the Municipal Finance Management Act. The sureties ensure that the municipality complies with section 164(2) of the Municipal Finance Act. These amounts have been secured against the staff members' pension/provident funds by means of written agreements which are lodged with the Kwa-Zulu Natal Joint Municipal Pension/Provident Fund. Copies are maintained on the staff members' personal files. | 12 000 | 22 000 |
| 52 CONTINGENT ASSETS | | |
| The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets. | | |
| 52.1 Court Proceedings: | - | 19 305 |
| (i) Recovery of Fruitless and Wasteful Expenditure: It was resolved that Fruitless and Wasteful Expenditure incurred as disclosed in Note 45.3 should be recovered from the responsible employee. The amount was settled in July 2012. | - | 19 305 |
| 53 IN-KIND DONATIONS AND ASSISTANCE | | |
| The municipality received the following in-kind donations and assistance: | | |
| (i) Ad Hoc financial support by Provincial Treasury for 2012/13. | | |
| 54 PRIVATE PUBLIC PARTNERSHIPS | | |
| The municipality was not a party to any Private Public Partnerships during the year under review. | | |
| 55 EVENTS AFTER THE REPORTING DATE | | |
| No events having financial implications requiring disclosure occurred subsequent to 30 June 2013. | | |
| 56 COMPARATIVE FIGURES | | |
| The comparative figures were restated as a result of the effect of Changes in Accounting Policies (Note 39) and Prior Period Errors (Note 40). | | |
| 57 GOING CONCERN ASSESSMENT | | |
| Management considered the following matters relating to the Going Concern: | | |
| (i) On 31 May 2013 the Council adopted the 2013/14 to 2015/16 Budget. This three-year Medium Term Revenue and Expenditure Framework (MTREF) to support the ongoing delivery of municipal services to residents reflected that the Budget was cash-backed over the three-year period. | | |
| (ii) The municipality's Budget is subjected to a very rigorous independent assessment process to assess its cash-backing status before it is ultimately approved by Council. | | |
| (iii) Strict daily cash management processes are embedded in the municipality's operations to manage and monitor all actual cash inflows and cash outflows in terms of the cash-flow forecast supporting the Budget. The cash management processes is complemented by monthly reporting, highlighting the actual cash position, including the associated risks and remedial actions to be instituted. | | |
| (iv) As the municipality has the power to levy fees, tariffs and charges, this will result in an ongoing inflow of revenue to support the ongoing delivery of municipal services. Certain key financial ratios, such as liquidity, cost coverage, debtors' collection rates and creditors' payment terms are closely monitored and the necessary corrective actions instituted. | | |

Taking the aforementioned into account, management has prepared the Annual Financial Statements on the Going Concern Basis.

APPENDIX A
RICHMOND LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

| Details | Original Loan Amount | Interest Rate | Loan Number | Loan Redeemable | Balance at 30 June 2012 | Received during the Period | Redeemed/ Written Off during Period | Balance at 30 June 2013 |
|--|----------------------|---------------|-------------|-----------------|-------------------------|----------------------------|-------------------------------------|-------------------------|
| | R | | | | R | R | R | R |
| ANNUITY LOANS | | | | | | | | |
| DBSA | 124 000 | 8.00% | 12698/101 | 30/06/2014 | 18 817 | - | 9 039 | 9 778 |
| DBSA | 96 400 | 8.50% | 12699/101 | 31/12/2014 | 18 781 | - | 7 046 | 11 734 |
| DBSA | 60 000 | 10.00% | 12700/101 | 30/06/2015 | 15 538 | - | 4 682 | 10 856 |
| Total Annuity Loans | 280 400 | | | | 53 136 | - | 20 768 | 32 368 |
| CAPITAL LEASE LIABILITIES | | | | | | | | |
| Gracan | 88 020 | 9.00% | | 31/05/2014 | 58 300 | - | 29 540 | 28 760 |
| Konica Minolta | 96 344 | 9.00% | | 31/07/2014 | 72 881 | - | 31 066 | 41 815 |
| Konica Minolta | 36 011 | 9.00% | | 31/07/2014 | 27 241 | - | 11 612 | 15 630 |
| Konica Minolta | 41 798 | 9.00% | | 31/07/2014 | 31 619 | - | 13 477 | 18 141 |
| Konica Minolta | 40 144 | 9.00% | | 31/07/2014 | 30 368 | - | 12 944 | 17 424 |
| Nashua | 61 636 | 9.00% | | 31/03/2014 | 37 951 | - | 20 955 | 16 996 |
| Total Capital Lease Liabilities | 363 953 | | | | 258 360 | - | 119 594 | 138 766 |
| TOTAL EXTERNAL LOANS | 644 353 | | | | 311 496 | - | 140 362 | 171 134 |

APPENDIX A
RICHMOND LOCAL MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013

ANNUITY LOANS:

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R124 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R96 400 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

DBSA:

Structured unsecured 40 year loan for sanitation and water infrastructure. Original loan capital of R60 000 is repayable semi-annually in fixed instalments of capital and fixed rate interest.

CAPITALISED LEASE LIABILITIES

Structured secured finance leases over office equipment; lease repayments over a period of 3 years at fixed interest rates.

APPENDIX B
RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying | Budget |
|-------------------------------|--------------------|-----------|--------------------|----------------|------------------|-------------------|---------------------------------------|----------------|-----------|------------------|------------------|------------------|----------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | Value | Additions 2013 |
| | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Land | | | | | | | | | | | | | |
| Land - Developed | 1 580 638 | - | - | - | - | 1 580 638 | - | - | - | - | - | 1 580 638 | - |
| Land - Undeveloped | 6 565 947 | - | - | - | - | 6 565 947 | - | - | - | - | - | 6 565 947 | 450 000 |
| | 8 146 586 | - | - | - | - | 8 146 586 | - | - | - | - | - | 8 146 586 | 450 000 |
| Buildings | | | | | | | | | | | | | |
| <i>Residential:</i> | | | | | | | | | | | | | |
| Mobile Homes | 7 014 | - | - | - | - | 7 014 | 4 351 | 687 | - | - | 5 038 | 1 976 | - |
| Residences | 210 281 | - | - | - | - | 210 281 | 109 531 | 4 496 | - | - | 114 027 | 96 253 | - |
| <i>Non Residential:</i> | | | | | | | | | | | | | |
| Carports | 18 850 | - | - | - | - | 18 850 | 165 | 1 256 | - | - | 1 421 | 17 429 | - |
| Office Buildings | 7 672 912 | - | - | 23 708 | (267 169) | 7 429 451 | 1 199 310 | 247 073 | - | (134 363) | 1 312 020 | 6 117 431 | 265 000 |
| Perimeter Protection | 2 814 230 | - | - | 484 845 | - | 3 299 076 | 371 316 | 114 347 | - | - | 485 663 | 2 813 412 | - |
| Workshops / Storerooms | 902 701 | - | - | - | - | 902 701 | 142 020 | 27 141 | - | - | 169 161 | 733 540 | - |
| | 11 625 988 | - | - | 508 553 | (267 169) | 11 867 372 | 1 826 694 | 395 000 | - | (134 363) | 2 087 330 | 9 780 041 | 265 000 |
| Infrastructure | | | | | | | | | | | | | |
| <i>Electricity:</i> | | | | | | | | | | | | | |
| Cables | 4 880 | - | - | - | - | 4 880 | 109 | 108 | - | - | 217 | 4 663 | - |
| High Mast Lights | 734 114 | - | - | 2 855 | - | 736 968 | 640 377 | 31 210 | - | - | 671 587 | 65 381 | - |
| <i>Roads and Transport:</i> | | | | | | | | | | | | | |
| Bridges, Subways and Culverts | 738 618 | - | - | 715 923 | - | 1 454 541 | 95 579 | 9 251 | - | - | 104 830 | 1 349 711 | - |
| Bridges - Expansion | 587 592 | - | - | - | - | 587 592 | 10 859 | 29 360 | - | - | 40 219 | 547 374 | - |
| Pedestrian Footpaths | 936 313 | - | - | 2 564 837 | - | 3 501 150 | 190 191 | 45 392 | - | - | 235 583 | 3 265 567 | 1 980 247 |
| Road Calming Measures | 14 179 | - | - | - | - | 14 179 | 5 256 | 472 | - | - | 5 728 | 8 451 | - |
| Roads: Asphalt - Basis | 11 170 379 | - | - | - | - | 11 170 379 | 3 077 824 | 211 575 | - | - | 3 289 399 | 7 880 979 | - |
| Roads: Asphalt - Surface | 2 227 492 | - | - | - | - | 2 227 492 | 1 338 845 | 107 525 | - | - | 1 446 369 | 781 123 | 1 000 000 |
| Roads: Concrete - Basis | 3 900 098 | - | - | - | - | 3 900 098 | 142 549 | 77 949 | - | - | 220 498 | 3 679 600 | - |
| Roads: Gravel - Surface | 8 706 961 | - | 17 544 918 | 5 576 310 | (15 057) | 31 813 131 | 3 606 334 | 1 041 243 | - | (13 608) | 4 633 969 | 27 179 163 | 19 780 025 |
| Roads: Paved - Surface | - | - | - | 246 272 | - | 246 272 | - | 22 | - | - | 22 | 246 249 | - |
| Roads: Crash Barriers | - | - | - | 25 952 | - | 25 952 | - | 2 | - | - | 2 | 25 949 | - |
| Roads: Kerbs and Channels | 1 925 763 | - | - | - | - | 1 925 763 | 133 494 | 38 124 | - | - | 171 618 | 1 754 145 | - |
| Stormwater Coastal Structure | 1 069 127 | - | - | - | - | 1 069 127 | 43 321 | 26 710 | - | - | 70 031 | 999 096 | - |
| Stormwater Culverts | - | - | - | 104 427 | - | 104 427 | - | 7 | - | - | 7 | 104 420 | - |
| Stormwater Culverts: Concrete | 868 423 | - | - | - | (9 954) | 858 469 | 106 303 | 14 020 | - | (7 514) | 112 809 | 745 660 | - |
| Stormwater Drains: Concrete | 804 312 | - | - | 833 159 | - | 1 637 472 | 170 677 | 18 538 | - | - | 189 215 | 1 448 257 | - |
| Stormwater Pipes | - | - | - | 819 976 | - | 819 976 | - | 3 042 | - | - | 3 042 | 816 934 | - |
| Street Lighting | 116 602 | - | - | 32 627 | - | 149 229 | 10 043 | 9 080 | - | - | 19 123 | 130 106 | - |
| Traffic Islands | 19 014 | - | - | - | - | 19 014 | 3 911 | 380 | - | - | 4 291 | 14 722 | - |
| Traffic Lights | 552 510 | - | - | - | - | 552 510 | 7 433 | 27 607 | - | - | 35 040 | 517 470 | - |
| Traffic Signs | 1 742 716 | - | - | 36 312 | - | 1 779 029 | 216 297 | 117 608 | - | - | 333 905 | 1 445 124 | - |
| <i>Sanitation:</i> | | | | | | | | | | | | | |
| Landfill Sites | 1 447 882 | - | - | - | - | 1 447 882 | 361 971 | 180 985 | - | - | 542 956 | 904 926 | - |

APPENDIX B
RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value | Budget Additions 2013 |
|-----------------------------------|--------------------|-----------|--------------------|-------------------|------------------|-------------------|---------------------------------------|------------------|-----------|------------------|-------------------|-------------------|-----------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | | |
| | R | R | R | R | R | R | R | R | R | R | R | R | R |
| <i>Water:</i> | | | | | | | | | | | | | |
| Reservoirs and Tanks | 80 032 | - | - | - | - | 80 032 | 18 459 | 1 600 | - | - | 20 058 | 59 974 | - |
| | 37 647 008 | - | 17 544 918 | 10 958 650 | (25 011) | 66 125 565 | 10 179 833 | 1 991 809 | - | (21 122) | 12 150 519 | 53 975 046 | 22 760 272 |
| Community Assets | | | | | | | | | | | | | |
| <i>Recreational Facilities:</i> | | | | | | | | | | | | | |
| Museums and Art Galleries | 25 370 | - | - | - | - | 25 370 | 7 683 | 845 | - | - | 8 528 | 16 842 | - |
| <i>Sports Facilities:</i> | | | | | | | | | | | | | |
| Sport and Recreational Facilities | 2 327 325 | - | - | 2 100 561 | - | 4 427 886 | 304 246 | 108 639 | - | - | 412 885 | 4 015 001 | 3 451 810 |
| <i>Other Facilities:</i> | | | | | | | | | | | | | |
| Ablutions/Public Conveniences | 391 164 | - | - | - | - | 391 164 | 112 077 | 11 069 | - | - | 123 146 | 268 018 | - |
| Cemeteries | 4 608 | - | - | - | - | 4 608 | 3 456 | 55 | - | - | 3 511 | 1 097 | - |
| Community Centres | 9 323 349 | - | 3 403 169 | 5 883 841 | - | 18 610 358 | 802 231 | 331 564 | - | - | 1 133 795 | 17 476 563 | 1 197 000 |
| Fire Stations | 37 367 | - | - | - | - | 37 367 | 16 298 | 1 245 | - | - | 17 542 | 19 825 | - |
| Libraries | 369 373 | - | - | - | - | 369 373 | 87 230 | 12 304 | - | - | 99 534 | 269 839 | - |
| Public Parking | 498 373 | - | - | - | - | 498 373 | 46 944 | 16 601 | - | - | 63 545 | 434 828 | - |
| Taxi Ranks | 267 169 | - | - | - | (267 169) | - | 252 264 | 4 | - | (252 268) | - | - | 1 000 000 |
| | 13 244 098 | - | 3 403 169 | 7 984 402 | (267 169) | 24 364 499 | 1 632 429 | 482 325 | - | (252 268) | 1 862 485 | 22 502 014 | 5 648 810 |
| Leased Assets | | | | | | | | | | | | | |
| Office Equipment | 363 953 | - | - | - | - | 363 953 | 123 539 | 121 234 | - | - | 244 773 | 119 180 | - |
| | 363 953 | - | - | - | - | 363 953 | 123 539 | 121 234 | - | - | 244 773 | 119 180 | - |
| Other Assets | | | | | | | | | | | | | |
| <i>Bins and Containers:</i> | | | | | | | | | | | | | |
| Collection Containers / Bins | 37 404 | - | - | - | - | 37 404 | 19 327 | 2 492 | - | - | 21 819 | 15 586 | - |
| <i>Computer Equipment:</i> | | | | | | | | | | | | | |
| Computer Hardware | 1 430 327 | 106 573 | - | - | - | 1 536 900 | 797 892 | 169 868 | - | - | 967 760 | 569 140 | 92 500 |
| Computer Networks | 35 614 | - | - | - | - | 35 614 | 4 707 | 3 455 | - | - | 8 162 | 27 452 | - |
| <i>Emergency Equipment:</i> | | | | | | | | | | | | | |
| Emergency / Rescue Equipment | 15 196 | 18 212 | - | - | - | 33 408 | 8 922 | 2 445 | - | - | 11 367 | 22 041 | - |
| Medical and Allied Equipment | 76 607 | 6 260 | - | - | - | 82 867 | 39 860 | 13 306 | - | - | 53 166 | 29 701 | - |

APPENDIX B
RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying | Budget |
|---------------------------------|--------------------|------------------|--------------------|-------------------|--------------------|--------------------|---------------------------------------|------------------|-----------|------------------|-------------------|--------------------|-------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | Value | Additions 2013 |
| | R | R | R | R | R | R | R | R | R | R | R | R | R |
| <i>Furniture and Fittings:</i> | | | | | | | | | | | | | |
| Kitchen Appliances | 36 178 | 12 276 | - | - | - | 48 455 | 15 929 | 4 594 | - | - | 20 524 | 27 931 | - |
| Linen and Soft Furnishing | 14 646 | - | - | - | - | 14 646 | 9 771 | 671 | - | - | 10 442 | 4 204 | - |
| Other Furniture | 1 145 664 | 40 899 | - | - | - | 1 186 563 | 625 430 | 112 237 | - | - | 737 667 | 448 896 | - |
| <i>Motor Vehicles:</i> | | | | | | | | | | | | | |
| Cycles | 95 613 | - | - | - | (95 063) | 550 | 38 594 | 9 053 | - | (47 196) | 450 | 100 | - |
| Motor Cars | 2 741 192 | 287 853 | - | - | (39 999) | 2 989 046 | 620 702 | 318 317 | - | (33 501) | 905 518 | 2 083 528 | 178 000 |
| Trailers | 177 213 | 26 395 | - | - | (9 513) | 194 095 | 40 631 | 14 075 | - | (8 100) | 46 607 | 147 488 | 32 000 |
| Trucks and Bakkies | 1 934 106 | - | - | - | (398 860) | 1 535 246 | 457 580 | 229 759 | - | (139 177) | 548 162 | 987 084 | 132 000 |
| <i>Office Equipment:</i> | | | | | | | | | | | | | |
| Air Conditioners | 358 539 | 24 167 | - | - | - | 382 706 | 262 247 | 28 410 | - | - | 290 657 | 92 049 | 16 700 |
| Audiovisual Equipment | 203 365 | 6 000 | - | - | - | 209 365 | 60 783 | 24 472 | - | - | 85 255 | 124 110 | - |
| Other Office Equipment | 363 094 | 13 943 | - | - | - | 377 036 | 147 600 | 46 140 | - | - | 193 740 | 183 296 | 176 300 |
| <i>Plant and Equipment:</i> | | | | | | | | | | | | | |
| Electric Wire and Power Tools | 23 235 | - | - | - | - | 23 235 | 11 753 | 2 386 | - | - | 14 139 | 9 097 | - |
| Farm / Agricultural Equipment | 224 121 | - | - | - | (9 994) | 214 127 | 41 461 | 15 268 | - | (5 314) | 51 416 | 162 711 | 6 500 |
| Gardening Equipment | 286 805 | 47 777 | - | - | (6 250) | 328 332 | 181 107 | 42 727 | - | (5 968) | 217 866 | 110 466 | 48 900 |
| Metallurgy Equipment | 4 147 | - | - | - | - | 4 147 | 2 634 | 411 | - | - | 3 046 | 1 102 | - |
| Pumps and Plumbing Equipment | 2 098 | - | - | 15 999 | - | 18 097 | 679 | 952 | - | - | 1 631 | 16 466 | - |
| Radio Equipment | 29 241 | - | - | - | - | 29 241 | 26 359 | 730 | - | - | 27 089 | 2 152 | - |
| Security Equipment | 9 578 | - | - | - | - | 9 578 | 8 775 | 267 | - | - | 9 042 | 536 | - |
| Security Systems | 470 444 | 11 150 | - | - | - | 481 594 | 388 615 | 24 714 | - | - | 413 329 | 68 265 | 12 200 |
| Speed Control Devices | 46 948 | - | - | - | - | 46 948 | 8 226 | 4 692 | - | - | 12 918 | 34 031 | - |
| Survey Equipment | 1 141 | - | - | - | - | 1 141 | 334 | 156 | - | - | 490 | 651 | - |
| Telecommunication Equipment | 15 032 | - | - | - | - | 15 032 | 1 673 | 3 004 | - | - | 4 677 | 10 355 | - |
| Tents, Flags and Accessories | 16 490 | - | - | - | - | 16 490 | 12 929 | 1 186 | - | - | 14 115 | 2 375 | - |
| Woodworking Machinery/Equipment | 1 263 | - | - | - | - | 1 263 | 645 | 99 | - | - | 744 | 518 | - |
| Workshop Equipment | 58 890 | 21 516 | - | - | - | 80 406 | 42 580 | 7 611 | - | - | 50 192 | 30 214 | 25 500 |
| Workshop Tools | 11 282 | - | - | - | - | 11 282 | 1 036 | 3 162 | - | - | 4 198 | 7 083 | - |
| <i>Specialised Vehicles:</i> | | | | | | | | | | | | | |
| Refuse Collection Vehicles | 773 879 | - | - | - | (285 330) | 488 549 | 236 658 | 61 784 | - | (175 118) | 123 324 | 365 225 | - |
| Road Construction Machinery | 2 344 611 | 1 198 250 | - | - | (42 921) | 3 499 940 | 707 559 | 191 972 | - | (41 134) | 858 398 | 2 641 542 | 1 386 500 |
| | 12 983 964 | 1 821 270 | - | 15 999 | (887 930) | 13 933 303 | 4 822 999 | 1 340 417 | - | (455 508) | 5 707 909 | 8 225 394 | 2 107 100 |
| Total | 84 011 595 | 1 821 270 | 20 948 086 | 19 467 604 | (1 447 279) | 124 801 277 | 18 585 493 | 4 330 785 | - | (863 261) | 22 053 017 | 102 748 260 | 31 231 182 |

APPENDIX B
RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value | Budget Additions 2013 |
|-------------|--------------------|-----------|--------------------|-----------|-----------|-----------------|---------------------------------------|-----------|-----------|-----------|-----------------|----------------|-----------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | | |
| | R | R | R | R | R | R | R | R | R | R | R | R | R |

RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTIES AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value | Budget Additions 2013 |
|-----------------------|--------------------|-----------|--------------------|-----------|-----------|------------------|---------------------------------------|-----------|-----------|-----------|-----------------|------------------|-----------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | | |
| Investment Properties | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Afforestation | 4 114 852 | - | - | - | - | 4 114 852 | - | - | - | - | - | 4 114 852 | - |
| | 4 114 852 | - | - | - | - | 4 114 852 | - | - | - | - | - | 4 114 852 | - |

RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLE ASSETS AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value | Budget Additions 2013 |
|-------------------|--------------------|-----------|--------------------|-----------|-----------|-----------------|---------------------------------------|--------------|-----------|-----------|-----------------|----------------|-----------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | | |
| Intangible Assets | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Computer Software | 87 482 | - | - | - | - | 87 482 | 64 104 | 9 055 | - | - | 73 159 | 14 323 | - |
| | 87 482 | - | - | - | - | 87 482 | 64 104 | 9 055 | - | - | 73 159 | 14 323 | - |

RICHMOND LOCAL MUNICIPALITY
ANALYSIS OF HERITAGE ASSETS AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value | Budget Additions 40725 |
|----------------------------------|--------------------|------------------|--------------------|-------------------|--------------------|--------------------|---------------------------------------|------------------|-----------|------------------|-------------------|--------------------|------------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | | |
| Heritage Assets | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Culturally Significant Buildings | 57 880 | - | - | - | - | 57 880 | - | - | - | - | - | 57 880 | - |
| Municipal Jewellery | 70 200 | - | - | - | - | 70 200 | - | - | - | - | - | 70 200 | - |
| | 128 080 | - | - | - | - | 128 080 | - | - | - | - | - | 128 080 | - |
| | | | | | | 0.00 | | | | | | | |
| Total Asset Register | 88 342 010 | 1 821 270 | 20 948 086 | 19 467 604 | (1 447 279) | 129 131 691 | 18 649 597 | 4 339 840 | - | (863 261) | 22 126 176 | 107 005 516 | 31 231 182 |

APPENDIX C
RICHMOND LOCAL MUNICIPALITY
SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013

| Description | Cost / Revaluation | | | | | | Accumulated Depreciation / Impairment | | | | | Carrying Value |
|-------------------------------|--------------------|------------------|--------------------|-------------------|--------------------|--------------------|---------------------------------------|------------------|-----------|------------------|-------------------|--------------------|
| | Opening Balance | Additions | Under Construction | Transfers | Disposals | Closing Balance | Opening Balance | Additions | Transfers | Disposals | Closing Balance | |
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Executive and Council | 610 919 | 41 881 | - | - | - | 652 800 | 325 649 | 76 461 | - | - | 402 110 | 250 690 |
| Finance and Administration | 2 265 985 | 68 508 | - | - | - | 2 334 492 | 727 399 | 283 894 | - | - | 1 011 293 | 1 323 199 |
| Planning and Development | 13 651 626 | 1 361 370 | - | - | (1 060 036) | 13 952 960 | 3 105 824 | 949 851 | - | (660 579) | 3 395 096 | 10 557 864 |
| Health | - | - | - | - | - | - | - | - | - | - | - | - |
| Community and Social Services | 33 390 606 | 146 471 | 3 403 169 | 8 965 136 | (267 169) | 45 638 212 | 3 597 222 | 875 563 | - | (134 363) | 4 338 422 | 41 299 790 |
| Housing | 99 693 | - | - | - | - | 99 693 | 23 543 | 3 321 | - | - | 26 864 | 72 829 |
| Public Safety | 1 253 772 | 203 041 | - | - | (95 063) | 1 361 750 | 667 760 | 160 382 | - | (47 196) | 780 946 | 580 804 |
| Sport and Recreation | - | - | - | - | - | - | - | - | - | - | - | - |
| Environmental Protection | - | - | - | - | - | - | - | - | - | - | - | - |
| Waste Management | 1 485 287 | - | - | - | - | 1 485 287 | 381 297 | 183 477 | - | - | 564 775 | 920 512 |
| Roads and Transport | 35 503 589 | - | 17 544 918 | 10 502 469 | (25 011) | 63 525 965 | 9 801 981 | 1 805 277 | - | (21 122) | 11 586 136 | 51 939 829 |
| Water | 80 532 | - | - | - | - | 80 532 | 18 922 | 1 612 | - | - | 20 534 | 59 998 |
| Electricity | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - |
| Total | 88 342 010 | 1 821 270 | 20 948 086 | 19 467 604 | (1 447 279) | 129 131 691 | 18 649 597 | 4 339 840 | - | (863 261) | 22 126 176 | 107 005 516 |

APPENDIX D
RICHMOND LOCAL MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

| 2012 Actual Income | 2012 Budgeted Income | 2012 Actual Expenditure | 2012 Budgeted Expenditure | 2012 Surplus/ (Deficit) | Description | 2013 Actual Income | 2013 Budgeted Income | 2013 Actual Expenditure | 2013 Budgeted Expenditure | 2013 Surplus/ (Deficit) |
|--------------------------|----------------------------|-------------------------------|---------------------------------|-------------------------------|-------------------------------|--------------------------|----------------------------|-------------------------------|---------------------------------|-------------------------------|
| R | R | R | R | R | | R | R | R | R | R |
| 986 000 | 986 000 | 5 475 903 | 5 532 884 | (4 489 903) | Executive and Council | 1 744 000 | 1 744 000 | 6 413 670 | 6 889 090 | (4 669 670) |
| 35 802 902 | 34 777 656 | 12 813 487 | 13 112 368 | 22 989 415 | Finance and Administration | 41 080 227 | 39 072 654 | 15 295 389 | 12 416 563 | 25 784 839 |
| 11 651 981 | 24 289 076 | 4 311 332 | 8 676 270 | 7 340 649 | Planning and Development | 19 868 260 | 33 593 235 | 5 149 236 | 8 854 062 | 14 719 024 |
| 1 493 628 | 1 756 223 | 6 999 444 | 7 585 604 | (5 505 816) | Community and Social Services | 1 635 179 | 1 828 010 | 9 274 900 | 7 937 667 | (7 639 721) |
| 1 223 383 | 611 731 | 1 223 383 | 611 731 | - | Housing | 5 019 212 | 4 953 212 | 5 019 212 | 4 953 212 | - |
| 453 403 | 537 380 | 3 563 937 | 3 564 946 | (3 110 534) | Public Safety | 586 120 | 507 941 | 4 080 057 | 4 231 675 | (3 493 938) |
| 2 485 542 | 486 000 | 3 110 513 | 1 489 435 | (624 970) | Sport and Recreation | 398 225 | 408 000 | 3 380 919 | 2 245 196 | (2 982 694) |
| 570 157 | 564 010 | 1 852 956 | 2 044 728 | (1 282 799) | Waste Management | 372 587 | 373 540 | 2 214 109 | 2 366 571 | (1 841 522) |
| 427 511 | 390 590 | 5 502 954 | 6 514 935 | (5 075 442) | Roads and Transport | 447 363 | 401 925 | 5 991 305 | 7 112 545 | (5 543 942) |
| 55 094 507 | 64 398 666 | 44 853 908 | 49 132 901 | 10 240 599 | Total | 71 151 172 | 82 882 516 | 56 818 797 | 57 006 580 | 14 332 375 |

**APPENDIX E(1)
RICHMOND LOCAL MUNICIPALITY**

RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2013

| Description | 2012/13 | | | | | | | | | 2011/12 | | | | | |
|---|-----------------------|--------------------|--------------------------|-------------------|----------|-------------------|-------------------|--------------------------|---------------------|-------------------------------------|--|-----------------------------------|---------------------------------------|-------------------------|--------------------------|
| | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported Unauthorised Expenditure | Expenditure authorised i.t.o. Sect 32 | Balance to be Recovered | Restated Audited Outcome |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| REVENUE - STANDARD | | | | | | | | | | | | | | | |
| Governance and Administration: | | | | | | | | | | | | | | | |
| Executive and Council | 1 744 000 | - | 1 744 000 | - | - | 1 744 000 | 1 744 000 | - | - | 100.00 | 100.00 | | | | 986 000 |
| Budget and Treasury Office | 40 143 623 | (1 143 513) | 39 000 110 | - | - | 39 000 110 | 41 010 001 | - | 2 009 891 | 105.15 | 102.16 | | | | 35 495 105 |
| Corporate Services | 48 000 | 24 544 | 72 544 | - | - | 72 544 | 70 226 | - | (2 318) | 96.81 | 146.31 | | | | 307 797 |
| Community and Public Safety: | | | | | | | | | | | | | | | |
| Community and Social Services | 1 789 614 | 38 396 | 1 828 010 | - | - | 1 828 010 | 1 635 179 | - | (192 832) | 89.45 | 91.37 | | | | 1 493 628 |
| Sport and Recreation | 408 000 | - | 408 000 | - | - | 408 000 | 398 225 | - | (9 775) | 97.60 | 97.60 | | | | 2 485 542 |
| Public Safety | 710 585 | (202 644) | 507 941 | - | - | 507 941 | 586 120 | - | 78 179 | 115.39 | 82.48 | | | | 453 403 |
| Housing | - | 4 953 212 | 4 953 212 | - | - | 4 953 212 | 5 019 212 | - | 66 000 | 101.33 | 0.00 | | | | 1 223 383 |
| Economic and Environmental Services: | | | | | | | | | | | | | | | |
| Planning and Development | 16 593 000 | 17 000 235 | 33 593 235 | - | - | 33 593 235 | 19 868 260 | - | (13 724 975) | 59.14 | 119.74 | | | | 11 651 981 |
| Road Transport | 376 927 | 24 998 | 401 925 | - | - | 401 925 | 447 363 | - | 45 438 | 111.31 | 118.69 | | | | 427 511 |
| Trading Services: | | | | | | | | | | | | | | | |
| Waste Management | 365 540 | 8 000 | 373 540 | - | - | 373 540 | 372 587 | - | (953) | 99.74 | 101.93 | | | | 570 157 |
| Total Revenue - Standard | 62 179 289 | 20 703 227 | 82 882 516 | - | - | 82 882 516 | 71 151 172 | - | (11 731 344) | 85.85 | 114.43 | - | - | - | 55 094 507 |
| EXPENDITURE - STANDARD | | | | | | | | | | | | | | | |
| Governance and Administration: | | | | | | | | | | | | | | | |
| Executive and Council | 6 434 000 | 455 090 | 6 889 090 | - | - | 6 889 090 | 6 413 670 | - | (475 420) | 93.10 | 99.68 | | | | 5 475 903 |
| Budget and Treasury Office | 6 634 274 | 1 008 794 | 7 643 067 | - | - | 7 643 067 | 10 625 711 | - | 2 982 644 | 139.02 | 160.16 | | | | 8 457 275 |
| Corporate Services | 4 851 000 | (77 504) | 4 773 496 | - | - | 4 773 496 | 4 669 677 | - | (103 819) | 97.83 | 96.26 | | | | 4 356 212 |
| Community and Public Safety: | | | | | | | | | | | | | | | |
| Community and Social Services | 7 806 004 | 131 663 | 7 937 667 | - | - | 7 937 667 | 9 274 900 | - | 1 337 233 | 116.85 | 118.82 | | | | 6 999 444 |
| Sport and Recreation | 1 520 000 | 725 196 | 2 245 196 | - | - | 2 245 196 | 3 380 919 | - | 1 135 723 | 150.58 | 222.43 | | | | 3 110 513 |
| Public Safety | 4 237 000 | (5 325) | 4 231 675 | - | - | 4 231 675 | 4 080 057 | - | (151 617) | 96.42 | 96.30 | | | | 3 563 937 |
| Housing | - | 4 953 212 | 4 953 212 | - | - | 4 953 212 | 5 019 212 | - | 66 000 | 101.33 | 0.00 | | | | 1 223 383 |
| Economic and Environmental Services: | | | | | | | | | | | | | | | |
| Planning and Development | 5 089 002 | 3 765 060 | 8 854 062 | - | - | 8 854 062 | 5 149 236 | - | (3 704 826) | 58.16 | 101.18 | | | | 4 311 332 |
| Road Transport | 7 064 002 | 48 543 | 7 112 545 | - | - | 7 112 545 | 5 991 305 | - | (1 121 240) | 84.24 | 84.81 | | | | 5 502 954 |
| Trading Services: | | | | | | | | | | | | | | | |
| Waste Management | 2 168 004 | 198 567 | 2 366 571 | - | - | 2 366 571 | 2 214 109 | - | (152 462) | 93.56 | 102.13 | | | | 1 852 956 |
| Total Expenditure - Standard | 45 803 286 | 11 203 295 | 57 006 580 | - | - | 57 006 580 | 56 818 797 | - | (187 783) | 99.67 | 124.05 | - | - | - | 44 853 908 |
| Surplus/(Deficit) for the year | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | 14 332 375 | - | (11 543 561) | 55.39 | 87.52 | - | - | - | 10 240 599 |

APPENDIX E(2)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2013

| Description | 2012/13 | | | | | | | | | 2011/12 | | | | | |
|--|-----------------------|--------------------|--------------------------|-------------------|----------|-------------------|-------------------|--------------------------|---------------------|-------------------------------------|--|-----------------------------------|---------------------------------------|-------------------------|--------------------------|
| | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported Unauthorised Expenditure | Expenditure authorised i.t.o. Sect 32 | Balance to be Recovered | Restated Audited Outcome |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| REVENUE BY VOTE | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 1 744 000 | - | 1 744 000 | - | - | 1 744 000 | 1 744 000 | - | - | 100.00 | 100.00 | | | | 986 000 |
| Vote 2 - Finance and Administration | 40 191 623 | (1 118 969) | 39 072 654 | - | - | 39 072 654 | 41 080 227 | - | 2 007 573 | 105.14 | 102.21 | | | | 35 802 902 |
| Vote 3 - Planning and Development | 16 593 000 | 17 000 235 | 33 593 235 | - | - | 33 593 235 | 19 868 260 | - | (13 724 975) | 59.14 | 119.74 | | | | 11 651 981 |
| Vote 4 - Community and Social Services | 1 789 614 | 4 991 608 | 6 781 222 | - | - | 6 781 222 | 6 654 391 | - | (126 832) | 98.13 | 371.83 | | | | 2 717 011 |
| Vote 6 - Public Safety | 710 585 | (202 644) | 507 941 | - | - | 507 941 | 586 120 | - | 78 179 | 115.39 | 82.48 | | | | 453 403 |
| Vote 7 - Sport and Recreation | 408 000 | - | 408 000 | - | - | 408 000 | 398 225 | - | (9 775) | 97.60 | 97.60 | | | | 2 485 542 |
| Vote 8 - Waste Management | 365 540 | 8 000 | 373 540 | - | - | 373 540 | 372 587 | - | (953) | 99.74 | 101.93 | | | | 570 157 |
| Vote 9 - Roads | 376 927 | 24 998 | 401 925 | - | - | 401 925 | 447 363 | - | 45 438 | 111.31 | 118.69 | | | | 427 511 |
| Total Revenue by Vote | 62 179 289 | 20 703 227 | 82 882 516 | - | - | 82 882 516 | 71 151 172 | - | (11 731 344) | 85.85 | 114.43 | - | - | - | 55 094 507 |
| EXPENDITURE BY VOTE | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 6 434 000 | 455 090 | 6 889 090 | - | - | 6 889 090 | 6 413 670 | - | (475 420) | 93.10 | 99.68 | | | | 5 475 903 |
| Vote 2 - Finance and Administration | 11 485 274 | 931 290 | 12 416 563 | - | - | 12 416 563 | 15 295 389 | - | 2 878 826 | 123.19 | 133.17 | | | | 12 813 487 |
| Vote 3 - Planning and Development | 5 089 002 | 3 765 060 | 8 854 062 | - | - | 8 854 062 | 5 149 236 | - | (3 704 826) | 58.16 | 101.18 | | | | 4 311 332 |
| Vote 4 - Community and Social Services | 7 806 004 | 5 084 875 | 12 890 879 | - | - | 12 890 879 | 14 294 112 | - | 1 403 233 | 110.89 | 183.12 | | | | 8 222 827 |
| Vote 6 - Public Safety | 4 237 000 | (5 325) | 4 231 675 | - | - | 4 231 675 | 4 080 057 | - | (151 617) | 96.42 | 96.30 | | | | 3 563 937 |
| Vote 7 - Sport and Recreation | 1 520 000 | 725 196 | 2 245 196 | - | - | 2 245 196 | 3 380 919 | - | 1 135 723 | 150.58 | 222.43 | | | | 3 110 513 |
| Vote 8 - Waste Management | 2 168 004 | 198 567 | 2 366 571 | - | - | 2 366 571 | 2 214 109 | - | (152 462) | 93.56 | 102.13 | | | | 1 852 956 |
| Vote 9 - Roads | 7 064 002 | 48 543 | 7 112 545 | - | - | 7 112 545 | 5 991 305 | - | (1 121 240) | 84.24 | 84.81 | | | | 5 502 954 |
| Total Expenditure by Vote | 45 803 286 | 11 203 295 | 57 006 580 | - | - | 57 006 580 | 56 818 797 | - | (187 783) | 99.67 | 124.05 | - | - | - | 44 853 908 |
| Surplus/(Deficit) for the year | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | 14 332 375 | - | (11 543 561) | 55.39 | 87.52 | - | - | - | 10 240 599 |

APPENDIX E(3)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

| Description | 2012/13 | | | | | | | | | | 2011/12 | | | | |
|--|-----------------------|--------------------|--------------------------|-------------------|----------|-------------------|--------------------|--------------------------|---------------------|-------------------------------------|--|-----------------------------------|---------------------------------------|-------------------------|--------------------------|
| | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported Unauthorised Expenditure | Expenditure authorised i.t.o. Sect 32 | Balance to be Recovered | Restated Audited Outcome |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| Revenue by Source | | | | | | | | | | | | | | | |
| Property Rates | 7 200 000 | - | 7 200 000 | - | - | 7 200 000 | 8 548 051 | - | 1 348 051 | 118.72 | 118.72 | - | - | - | 6 102 267 |
| Property Rates - Penalties & Collection Charges | 340 000 | 60 000 | 400 000 | - | - | 400 000 | 806 897 | - | 406 897 | 201.72 | 237.32 | - | - | - | 793 032 |
| Service Charges - Refuse | 309 390 | - | 309 390 | - | - | 309 390 | 299 603 | - | (9 787) | 96.84 | 96.84 | - | - | - | 283 028 |
| Service Charges - Other | - | - | - | - | - | - | - | - | - | 0.00 | 0.00 | - | - | - | - |
| Rental of Facilities and Equipment | 1 115 114 | 45 000 | 1 160 114 | - | - | 1 160 114 | 1 033 491 | - | (126 624) | 89.09 | 92.68 | - | - | - | 2 996 033 |
| Interest Earned - External Investments | 1 500 000 | - | 1 500 000 | - | - | 1 500 000 | 1 695 342 | - | 195 342 | 113.02 | 113.02 | - | - | - | 1 620 518 |
| Interest Earned - Outstanding Debtors | 76 450 | 28 000 | 104 450 | - | - | 104 450 | 146 399 | - | 41 949 | 140.16 | 191.50 | - | - | - | 98 028 |
| Fines | 202 500 | (200 000) | 2 500 | - | - | 2 500 | 116 366 | - | 113 866 | 4 654.66 | 57.46 | - | - | - | 2 659 |
| Licences and Permits | 508 985 | (74 400) | 434 585 | - | - | 434 585 | 401 224 | - | (33 361) | 92.32 | 78.83 | - | - | - | 422 835 |
| Agency Services | 385 425 | 25 000 | 410 425 | - | - | 410 425 | 458 106 | - | 47 681 | 111.62 | 118.86 | - | - | - | 517 926 |
| Transfers Recognised - Operational | 48 540 000 | 22 359 112 | 70 899 112 | - | - | 70 899 112 | 37 977 384 | - | (32 921 727) | 53.57 | 78.24 | - | - | - | 34 490 720 |
| Other Revenue | 348 940 | 113 000 | 461 940 | - | - | 461 940 | 493 234 | - | 31 294 | 106.77 | 141.35 | - | - | - | 626 502 |
| Gains on Disposal of PPE | 1 652 485 | (1 652 485) | - | - | - | - | - | - | - | 0.00 | 0.00 | - | - | - | - |
| Total Revenue (excluding Capital Transfers & Contributions) | 62 179 289 | 20 703 227 | 82 882 516 | - | - | 82 882 516 | 51 976 097 | - | (30 906 419) | 62.71 | 83.59 | - | - | - | 47 953 548 |
| Expenditure | | | | | | | | | | | | | | | |
| Employee Related Costs | 22 209 123 | 558 431 | 22 767 554 | - | - | 22 767 554 | 23 833 944 | 1 066 391 | 1 066 391 | 104.68 | 107.32 | - | - | - | 19 148 104 |
| Remuneration of Councillors | 3 645 200 | - | 3 645 200 | - | - | 3 645 200 | 3 477 164 | - | (168 036) | 95.39 | 95.39 | - | - | - | 3 389 998 |
| Debt Impairment | - | - | - | - | - | - | 3 883 549 | 3 883 549 | 3 883 549 | 0.00 | 0.00 | - | - | - | - |
| Depreciation and Asset Impairment | 4 850 390 | - | 4 850 390 | - | - | 4 850 390 | 4 339 840 | - | (510 550) | 89.47 | 89.47 | - | - | - | 4 163 136 |
| Finance Charges | - | 19 376 | 19 376 | - | - | 19 376 | 184 456 | 165 080 | 165 080 | 951.96 | 0.00 | - | - | - | 178 248 |
| Other Materials | 2 966 820 | (416 959) | 2 549 861 | - | - | 2 549 861 | 1 768 100 | - | (781 761) | 69.34 | 59.60 | - | - | - | 2 134 379 |
| Contracted Services | 2 406 706 | (48 833) | 2 357 873 | - | - | 2 357 873 | 2 933 271 | 575 398 | 575 398 | 124.40 | 121.88 | - | - | - | 3 521 984 |
| Transfers and Grants | 677 470 | 4 804 012 | 5 481 482 | - | - | 5 481 482 | 5 186 910 | - | (294 572) | 94.63 | 765.63 | - | - | - | 2 083 698 |
| Other Expenditure | 9 047 577 | 6 287 268 | 15 334 845 | - | - | 15 334 845 | 11 059 968 | - | (4 274 877) | 72.12 | 122.24 | - | - | - | 10 225 161 |
| Loss on Disposal of PPE | - | - | - | - | - | - | 151 596 | 151 596 | 151 596 | 0.00 | 0.00 | - | - | - | 9 200 |
| Total Expenditure | 45 803 286 | 11 203 295 | 57 006 580 | - | - | 57 006 580 | 56 818 797 | 5 842 013 | (187 783) | 99.67 | 124.05 | - | - | - | 44 853 908 |
| Surplus/(Deficit) | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | (4 842 700) | (5 842 013) | (30 718 635) | 0.00 | 0.00 | - | - | - | 3 099 640 |
| Transfers Recognised - Capital | - | - | - | - | - | - | 19 175 075 | 19 175 075 | 19 175 075 | 0.00 | 0.00 | - | - | - | 7 140 960 |
| Surplus/(Deficit) for the Year | 16 376 004 | 9 499 932 | 25 875 936 | - | - | 25 875 936 | 14 332 375 | 13 333 062 | (11 543 561) | 55.39 | 87.52 | - | - | - | 10 240 599 |

APPENDIX E(4)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2013

| Description | 2012/13 | | | | | | | | | | 2011/12 | | | | |
|--|-----------------------|--------------------|--------------------------|-------------------|-------------|-------------------|-------------------|--------------------------|---------------------|-------------------------------------|--|-----------------------------------|---------------------------------------|-------------------------|--------------------------|
| | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Shifting of Funds | Virement | Final Budget | Actual Outcome | Unauthorised Expenditure | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Reported Unauthorised Expenditure | Expenditure authorised i.t.o. Sect 32 | Balance to be Recovered | Restated Audited Outcome |
| | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R |
| CAPITAL EXPENDITURE - VOTE | | | | | | | | | | | | | | | |
| Multi-year Expenditure | | | | | | | | | | | | | | | |
| Total Capital Expenditure - Multi-year | - | - | - | - | - | - | - | - | - | 0.00 | 0.00 | - | - | - | - |
| Single-year Expenditure | | | | | | | | | | | | | | | |
| Vote 1 - Executive and Council | 4 000 | 40 000 | 44 000 | - | 12 950 | 56 950 | 49 459 | - | (7 491) | 86.85 | 1 236.47 | - | - | - | 388 418 |
| Vote 2 - Finance and Administration | 51 000 | 719 000 | 770 000 | - | (14 000) | 756 000 | 190 564 | - | (565 436) | 25.21 | 373.66 | - | - | - | 528 222 |
| Vote 3 - Planning and Development | 1 920 000 | (1 762 000) | 158 000 | - | 400 750 | 558 750 | 117 680 | - | (441 070) | 21.06 | 6.13 | - | - | - | 680 236 |
| Vote 4 - Community and Social Services | 331 000 | 9 000 | 340 000 | - | (500) | 339 500 | 265 096 | - | (74 404) | 78.08 | 80.09 | - | - | - | 774 098 |
| Vote 6 - Public Safety | 207 000 | 991 000 | 1 198 000 | - | 23 000 | 1 221 000 | 858 375 | - | (362 625) | 70.30 | 414.67 | - | - | - | 226 724 |
| Vote 7 - Sport and Recreation | 61 000 | 1 582 000 | 1 643 000 | - | 1 852 210 | 3 495 210 | 2 113 774 | - | (1 381 436) | 60.48 | 3 465.20 | - | - | - | 2 058 337 |
| Vote 9 - Roads | 17 817 000 | 9 261 182 | 27 078 182 | - | (2 274 410) | 24 803 772 | 17 612 437 | - | (7 191 336) | 71.01 | 98.85 | - | - | - | 10 808 380 |
| Total Capital Expenditure - Single-year | 20 391 000 | 10 840 182 | 31 231 182 | - | - | 31 231 182 | 21 207 384 | - | (10 023 799) | 67.90 | 104.00 | - | - | - | 15 464 417 |
| Total Capital Expenditure - Vote | 20 391 000 | 10 840 182 | 31 231 182 | - | - | 31 231 182 | 21 207 384 | - | (10 023 799) | 67.90 | 104.00 | - | - | - | 15 464 417 |
| CAPITAL EXPENDITURE - STANDARD | | | | | | | | | | | | | | | |
| Governance and Administration: | | | | | | | | | | | | | | | |
| Executive and Council | 4 000 | 40 000 | 44 000 | - | 12 950 | 56 950 | 49 459 | - | (7 491) | 86.85 | 1 236.47 | - | - | - | 388 418 |
| Budget and Treasury Office | - | 20 000 | 20 000 | - | 750 | 20 750 | 20 356 | - | (394) | 98.10 | 0.00 | - | - | - | 51 094 |
| Corporate Services | 51 000 | 699 000 | 750 000 | - | (14 750) | 735 250 | 170 208 | - | (565 042) | 23.15 | 333.74 | - | - | - | 477 129 |
| Community and Public Safety: | | | | | | | | | | | | | | | |
| Community & Social Services | 331 000 | 9 000 | 340 000 | - | (500) | 339 500 | 265 096 | - | (74 404) | 78.08 | 80.09 | - | - | - | 774 098 |
| Sport and Recreation | 61 000 | 1 582 000 | 1 643 000 | - | 1 852 210 | 3 495 210 | 2 113 774 | - | (1 381 436) | 60.48 | 3 465.20 | - | - | - | 2 058 337 |
| Public Safety | 207 000 | 991 000 | 1 198 000 | - | 23 000 | 1 221 000 | 858 375 | - | (362 625) | 70.30 | 414.67 | - | - | - | 226 724 |
| Economic and Environmental Services: | | | | | | | | | | | | | | | |
| Planning and Development | 1 920 000 | (1 762 000) | 158 000 | - | 400 750 | 558 750 | 117 680 | - | (441 070) | 21.06 | 6.13 | - | - | - | 680 236 |
| Road Transport | 17 817 000 | 9 261 182 | 27 078 182 | - | (2 274 410) | 24 803 772 | 17 612 437 | - | (7 191 336) | 71.01 | 98.85 | - | - | - | 10 808 380 |
| Total Capital Expenditure - Standard | 20 391 000 | 10 840 182 | 31 231 182 | - | - | 31 231 182 | 21 207 384 | - | (10 023 799) | 67.90 | 104.00 | - | - | - | 15 464 417 |
| FUNDED BY: | | | | | | | | | | | | | | | |
| National Government | 16 376 000 | (210 000) | 16 166 000 | - | - | 16 166 000 | 8 809 001 | - | (7 356 999) | 54.49 | 53.79 | - | - | - | 12 317 980 |
| Other Transfers and Grants | - | 3 850 000 | 3 850 000 | - | - | 3 850 000 | 1 470 971 | - | (2 379 029) | 38.21 | 0.00 | - | - | - | - |
| Transfers Recognised - Capital | 16 376 000 | 3 640 000 | 20 016 000 | - | - | 20 016 000 | 10 279 972 | - | (9 736 028) | 51.36 | 62.77 | - | - | - | 12 317 980 |
| Internally Generated Funds | 4 015 000 | 7 200 182 | 11 215 182 | - | - | 11 215 182 | 10 927 412 | - | (287 771) | 97.43 | 272.16 | - | - | - | 3 146 437 |
| Total Capital Funding | 20 391 000 | 10 840 182 | 31 231 182 | - | - | 31 231 182 | 21 207 384 | - | (10 023 799) | 67.90 | 104.00 | - | - | - | 15 464 417 |

APPENDIX E(5)
RICHMOND LOCAL MUNICIPALITY
RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

| Description | 2012/13 | | | | | | | | 2011/12 |
|--|-----------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|-------------------------------------|--|---------------------|
| | Original Total Budget | Budget Adjustments | Final Adjustments Budget | Final Budget | Actual Outcome | Variance | Actual Outcome as % of Final Budget | Actual Outcome as % of Original Budget | Audited Outcome |
| | R | R | R | R | R | R | R | R | R |
| CASH FLOW FROM OPERATING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Ratepayers and Other | 9 276 000 | - | 9 276 000 | 9 276 000 | 10 461 657 | 1 185 657 | 112.78 | 112.78 | 19 984 288 |
| Government - Operating | 48 540 000 | 2 005 000 | 50 545 000 | 50 545 000 | 58 957 846 | - | 0.00 | 0.00 | 35 610 002 |
| Government - Capital | | | | | | | | | |
| Interest | 1 350 000 | - | 1 350 000 | 1 350 000 | 1 695 342 | 345 342 | 125.58 | 125.58 | 1 620 518 |
| Payments | | | | | | | | | |
| Suppliers and Employees | (37 544 000) | - | (37 544 000) | (37 485 000) | (43 822 618) | (6 337 618) | 0.00 | 0.00 | (40 678 405) |
| Finance Charges | (6 500) | - | (6 500) | (6 500) | (184 456) | (177 956) | 0.00 | 0.00 | (178 248) |
| Transfers and Grants | | | | | | | 0.00 | 0.00 | |
| NET CASH FROM / (USED) OPERATING ACTIVITIES | 21 615 500 | 2 005 000 | 23 620 500 | 23 679 500 | 27 107 771 | (4 984 575) | 114.48 | 125.41 | 16 358 155 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| Proceeds on Disposal of PPE | 1 652 000 | (1 652 000) | - | - | (102 059) | (102 059) | 0.00 | 0.00 | 325 000 |
| Decrease / (Increase) in Non-current Debtors | - | - | - | - | 25 125 | 25 125 | 0.00 | 0.00 | 19 763 |
| Payments | | | | | | | | | |
| Capital Assets | (20 391 000) | (10 840 000) | (31 231 000) | (31 231 000) | (21 207 384) | 10 023 616 | 0.00 | 0.00 | (15 464 417) |
| NET CASH FROM / (USED) INVESTING ACTIVITIES | (18 739 000) | (12 492 000) | (31 231 000) | (31 231 000) | (21 284 318) | 9 946 682 | 0.00 | 0.00 | (15 119 653) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | | | | |
| Receipts | | | | | | | | | |
| New Loans raised | - | - | - | - | - | - | 0.00 | 0.00 | 214 297 |
| Payments | | | | | | | | | |
| Loans repaid | - | - | - | - | (140 362) | (140 362) | 0.00 | 0.00 | (117 424) |
| NET CASH FROM / (USED) FINANCING ACTIVITIES | - | - | - | - | (140 362) | (140 362) | 0.00 | 0.00 | 96 873 |
| NET INCREASE / (DECREASE) IN CASH HELD | (2 876 500) | 10 487 000 | 7 610 500 | 7 551 500 | (5 683 092) | (13 234 592) | 0.00 | 0.00 | (1 335 375) |
| Cash / Cash Equivalents at the Year begin: | 37 721 545 | - | 37 721 545 | 37 721 545 | 37 721 545 | 0 | 100.00 | 100.00 | 36 386 170 |
| Cash / Cash Equivalents at the Year end: | 40 598 045 | (10 487 000) | 30 111 045 | 30 170 045 | 43 404 637 | 13 234 592 | 143.87 | 106.91 | 37 721 545 |

APPENDIX F
RICHMOND LOCAL MUNICIPALITY
DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grants and Subsidies Received

| Name of Grant | Name of Organ of State or Municipal Entity | Quarterly Receipts | | | | Quarterly Expenditure | | | | Grants and Subsidies Delayed / Withheld | | | | | Reason for Delay / Withholding of Funds | Compliance to Revenue Act (*) See below | Reason for Non-compliance |
|---|--|--------------------|-------------------|-------------------|----------|-----------------------|-------------------|-------------------|------------------|---|----------|----------|----------|----------|---|---|---------------------------|
| | | Sept | Dec | March | June | Sept | Dec | March | June | June | Sept | Dec | March | June | | | |
| Equitable Share | Nat Treasury | 12 194 000 | 9 657 780 | 7 317 000 | 0 | 12 194 000 | 9 657 780 | 7 317 000 | 0 | N/A | N/A | N/A | N/A | N/A | N/A | Yes | N/A |
| FMG | Nat Treasury | 1 500 000 | 0 | 0 | 0 | 395 762 | 499 468 | 236 940 | 367 829 | N/A | N/A | N/A | N/A | N/A | N/A | Yes | N/A |
| MIG Projects | MIG | 4 105 000 | 6 135 000 | 6 136 000 | 0 | 0 | 4 039 195 | 2 540 656 | 2 439 150 | N/A | N/A | N/A | N/A | N/A | N/A | Yes | N/A |
| MSIG | DPLG | 800 000 | 0 | 0 | 0 | 43 500 | 186 034 | 160 284 | 410 183 | N/A | N/A | N/A | N/A | N/A | N/A | Yes | N/A |
| Total Grants and Subsidies Received | | 18 599 000 | 15 792 780 | 13 453 000 | 0 | 12 633 262 | 14 382 477 | 10 254 879 | 3 217 162 | 0 | 0 | 0 | 0 | 0 | | | |
| (*) Did your municipality comply with the grant conditions in terms of "Grant Framework" in the latest Division of Revenue Act? | | | | | | | | | | | | | | | | | |

APPENDIX G
RICHMOND LOCAL MUNICIPALITY
STATEMENT OF REMUNERATION OF MANAGEMENT

30 June 2013

| Incumbent | Fees for Services | Basic Salaries | Bonuses | Allowances | Contributions to Funds | Other Short-term Benefits | Post-employment Benefits | Termination Benefits | Other Long-term Benefits | Commissions, Gains or Surpluses | Any Other Benefits | Total Remuneration |
|------------------------------------|-------------------|----------------|---------|------------|------------------------|---------------------------|--------------------------|----------------------|--------------------------|---------------------------------|--------------------|--------------------|
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Mayor | | | | | | | | | | | | |
| Ragavaloo A. | - | 429 203 | - | 147 741 | 59 800 | - | - | - | - | - | - | 636 744 |
| Deputy Mayor | | | | | | | | | | | | |
| Ngcobo P.C. | - | 205 737 | - | 80 099 | - | - | - | - | - | - | - | 285 836 |
| Speaker | | | | | | | | | | | | |
| Shabalala S.T. | - | 197 225 | - | 80 099 | 8 512 | - | - | - | - | - | - | 285 836 |
| Executive Committee | | | | | | | | | | | | |
| Kunene T.D. | - | 190 260 | - | 76 093 | 2 617 | - | - | - | - | - | - | 268 970 |
| Other Councillors | | | | | | | | | | | | |
| Jili J. | - | 123 310 | - | 59 703 | 16 965 | - | - | - | - | - | - | 199 978 |
| Madonda T.C. | - | 118 739 | - | 59 703 | 21 536 | - | - | - | - | - | - | 199 978 |
| Magubane K.E. | - | 123 310 | - | 59 703 | 16 965 | - | - | - | - | - | - | 199 978 |
| Maphumulo M. | - | 135 024 | - | 59 703 | 5 250 | - | - | - | - | - | - | 199 978 |
| Mdlalose S.A. | - | 123 556 | - | 59 703 | 16 719 | - | - | - | - | - | - | 199 978 |
| Mngadi B.M. | - | 136 019 | - | 59 703 | 4 256 | - | - | - | - | - | - | 199 978 |
| Moonsamay P. | - | 140 275 | - | 59 703 | - | - | - | - | - | - | - | 199 978 |
| Ngcongco B. | - | 136 019 | - | 59 703 | 4 256 | - | - | - | - | - | - | 199 978 |
| Ngubo M.D.B. | - | 138 502 | - | 59 703 | 1 773 | - | - | - | - | - | - | 199 978 |
| Shange R.B. | - | 123 310 | - | 59 703 | 16 965 | - | - | - | - | - | - | 199 978 |
| Total for Councillors | - | 2 320 488 | - | 981 062 | 175 613 | - | - | - | - | - | - | 3 477 163 |
| Municipal Manager | | | | | | | | | | | | |
| Sithole E.S. | - | 495 217 | - | 351 534 | 28 899 | - | - | - | - | - | - | 875 650 |
| Chief Financial Officer | | | | | | | | | | | | |
| Hloba M. | - | 337 500 | - | 190 702 | 34 298 | - | - | - | - | - | - | 562 500 |
| Manager: Community Services | | | | | | | | | | | | |
| Mhlongo B.M. | - | 191 669 | - | 391 991 | 87 826 | - | - | - | - | - | - | 671 486 |
| Manager: Corporate Services | | | | | | | | | | | | |
| Mthmebu S.L. | - | 202 108 | - | 416 153 | 53 227 | - | - | - | - | - | - | 671 487 |
| Manager: Technical Services | | | | | | | | | | | | |
| Sithole M.J. (Acting) | - | 20 000 | - | 69 955 | 8 085 | - | - | - | - | - | - | 98 039 |
| Total for Senior Managers | - | 751 277 | - | 1 068 800 | 183 436 | - | - | - | - | - | - | 2 003 513 |
| Total for Management | - | 3 071 765 | - | 2 049 862 | 359 049 | - | - | - | - | - | - | 5 480 676 |

| Incumbent | Fees for Services | Basic Salaries | Bonuses | Allowances | Contributions to Funds | Other Short-term Benefits | Post-employment Benefits | Termination Benefits | Other Long-term Benefits | Commissions, Gains or Surpluses | Any Other Benefits | Total Remuneration |
|------------------------------------|-------------------|----------------|---------|------------|------------------------|---------------------------|--------------------------|----------------------|--------------------------|---------------------------------|--------------------|--------------------|
| | R | R | R | R | R | R | R | R | R | R | R | R |
| Mayor | | | | | | | | | | | | |
| Ragavaloo A. | - | 395 080 | - | 158 505 | 53 641 | - | - | - | - | - | - | 607 226 |
| Deputy Mayor | | | | | | | | | | | | |
| Ngcobo P.C. | - | 205 131 | - | 75 851 | - | - | - | - | - | - | - | 280 982 |
| Speaker | | | | | | | | | | | | |
| Shabalala S.T. | - | 198 038 | - | 75 851 | 7 093 | - | - | - | - | - | - | 280 982 |
| Executive Committee | | | | | | | | | | | | |
| Kunene T.D. | - | 188 840 | - | 71 845 | 3 471 | - | - | - | - | - | - | 264 156 |
| Other Councillors | | | | | | | | | | | | |
| Jili J. | - | 127 139 | - | 55 455 | 12 724 | - | - | - | - | - | - | 195 318 |
| Madonda T.C. | - | 126 967 | - | 55 455 | 12 896 | - | - | - | - | - | - | 195 317 |
| Magubane K.E. | - | 128 552 | - | 55 455 | 11 310 | - | - | - | - | - | - | 195 318 |
| Maphumulo M. | - | 139 863 | - | 55 455 | - | - | - | - | - | - | - | 195 318 |
| Mdlalose S.A. | - | 134 290 | - | 55 455 | 5 573 | - | - | - | - | - | - | 195 318 |
| Mngadi B.M. | - | 135 607 | - | 55 455 | 4 256 | - | - | - | - | - | - | 195 317 |
| Moonsamay P. | - | 139 863 | - | 55 455 | - | - | - | - | - | - | - | 195 318 |
| Ngongo B. | - | 135 607 | - | 55 455 | 4 256 | - | - | - | - | - | - | 195 317 |
| Ngubo M.D.B. | - | 139 863 | - | 55 455 | - | - | - | - | - | - | - | 195 318 |
| Shange R.B. | - | 128 552 | - | 55 455 | 11 310 | - | - | - | - | - | - | 195 318 |
| Total for Councillors | - | 2 323 389 | - | 936 602 | 126 528 | - | - | - | - | - | - | 3 386 520 |
| Municipal Manager | | | | | | | | | | | | |
| Sithole E.S. | - | 631 472 | - | 138 000 | 26 772 | - | - | - | - | - | - | 796 244 |
| Chief Financial Officer | | | | | | | | | | | | |
| Donnelly W.C. / Osman H. (Acting) | - | 283 700 | - | 18 000 | 44 274 | - | - | - | - | - | - | 345 974 |
| Manager: Community Services | | | | | | | | | | | | |
| Mhlongo B.M. | - | 502 000 | - | 60 000 | 74 480 | - | - | - | - | - | - | 636 480 |
| Manager: Corporate Services | | | | | | | | | | | | |
| Mthmebu S.L. | - | 525 746 | - | 60 000 | 50 734 | - | - | - | - | - | - | 636 480 |
| Manager: Technical Services | | | | | | | | | | | | |
| Gumdede K.P. | - | 518 379 | - | 30 000 | 88 101 | - | - | - | - | - | - | 636 480 |
| Total for Senior Managers | - | 1 829 825 | - | 168 000 | 257 589 | - | - | - | - | - | - | 2 255 414 |
| Total for Management | - | 4 153 214 | - | 1 104 602 | 384 117 | - | - | - | - | - | - | 5 641 934 |