

**eDumbe Municipality****Annual Financial Statements for the year ended 30 June 2013**

To input header

**Figures in Rands****Notes**

<b>Financial Year End</b>	<b>Current Year</b>	<b>Prior Year</b>
	<b>2013</b>	<b>Restated 2012</b>

**Mapping of accounts****Statement of Financial Position****Map No****Notes**

Inventories	<b>1</b>	<b>2</b>
Heritage Assets	<b>2</b>	
Trade and other Receivables from exchange transactions	<b>3</b>	<b>3</b>
Trade and other Receivables from non-exchange transactions	<b>4</b>	<b>4</b>
Cash and Cash Equivalents	<b>5</b>	<b>5</b>
Property, Plant and Equipment	<b>6</b>	<b>6</b>
Intangible Assets	<b>7</b>	<b>7</b>
Investment Property	<b>8</b>	<b>8</b>
Non-current receivables	<b>9</b>	<b>9</b>
Long Term Liabilities	<b>10</b>	<b>10</b>
Payables from Exchange Transactions	<b>11</b>	<b>11</b>
VAT Payables (Receivables)	<b>12</b>	<b>12</b>
Finance Lease	<b>13</b>	
Bank Overdraft	<b>14</b>	<b>4</b>
Consumer Deposits	<b>15</b>	<b>13</b>
Unspent Conditional Grants and Receipts	<b>16</b>	<b>14</b>
Provisions	<b>17</b>	<b>15</b>
Long Term Liabilities	<b>18</b>	<b>10</b>
Finance Lease	<b>19</b>	
Retirement Benefit Obligation	<b>20</b>	<b>16</b>
Housing Development Fund	<b>21</b>	<b>17</b>
Accumulated Surplus	<b>22</b>	
Retention	<b>23</b>	

**Statement of Financial Performance****Map No****Notes****Revenue**

Property Rates	<b>24</b>	<b>18</b>
Property Rates - Penalties Imposed and Collection Charges	<b>25</b>	<b>18</b>
Government Grants and Subsidies	<b>30</b>	<b>19</b>
Fines	<b>28</b>	<b>21</b>
Provision for Bad Debts Adjustment	<b>27</b>	<b>20</b>
Gains on Disposal Of Assets	<b>29</b>	
Interest Received	<b>31</b>	<b>22</b>
Licences and Permits	<b>32</b>	

Other Income	33	23
Rental of Facilities and Equipment	34	
Service Charges	26	24
<b>Expenditure</b>		
Audit Fees	35	25
Bulk Purchases	36	26
Contracted Service	37	27
Depreciation and Amortisation	38	6
Employee Related Costs	39	28
Finance Costs	40	29
General Expenses	41	30
Grants and Subsidies Paid	42	31
Operating Lease	43	32
Provision for Bad Debts	44	33
Remuneration of Councillors	45	34
Repairs And Maintenance	46	
Impairment losses	47	
Cash generated from / (utilised in) operating activities		35
Change in accounting policy and correction of an error		36
Capital Commitment		37
Unauthorised expenditure		38
Irregular expenditure		39
Fruitless and wasteful expenditure		40
Deviation from supply chain management regulations		41
Distribution losses		42
Events after the reporting date		43
Related parties		44
Contingent liabilities		45
Going concern		46
Risk management		47
Budget versus Actual Statement		48
Lessor		49
In-kind Donations and Assistance		50

**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Statement of Financial Position**

Figures in Rands	Notes	2013	Restated 2012
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	2	388 710	354 079
Trade and other Receivables from exchange transactions	3	9 501 908	18 937 765
Trade and other Receivables from non-exchange transactions	4	6 634 011	2 382 279
VAT Payables (Receivables)	12	153 378	-
Cash and Cash Equivalents	5	2 385 903	3 691 027
<b>Total Current Assets</b>		<b>19 063 910</b>	<b>25 365 151</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	6	193 788 389	190 678 720
Heritage Assets		147 149	147 149
Intangible Assets	7	80 410	77 888
Investment Property	8	432 000	432 000
Non-current receivables	9	137 008	-
<b>Total Non-Current Assets</b>		<b>194 584 956</b>	<b>191 335 758</b>
<b>Total Assets</b>		<b>213 648 865</b>	<b>216 700 909</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Long Term Liabilities	10	1 541 756	900 000
Payables from Exchange Transactions	11	6 299 975	13 936 054
VAT Payables (Receivables)	12	-	665 480
Retention		387 303	331 879
Bank Overdraft	4	-	30 420
Consumer Deposits	13	226 366	223 818
Unspent Conditional Grants and Receipts	14	6 560 408	348 236
Provisions	15	4 870 947	3 038 081
<b>Total Current Liabilities</b>		<b>19 886 756</b>	<b>19 473 968</b>
<b>Non-Current Liabilities</b>			
Long Term Liabilities	10	-	451 366
Retirement Benefit Obligation	16	7 783 653	7 829 389
<b>Total Non-Current Liabilities</b>		<b>7 783 653</b>	<b>8 280 755</b>
<b>Total Liabilities</b>		<b>27 670 409</b>	<b>27 754 723</b>
<b>NET ASSETS</b>		<b>185 978 456</b>	<b>188 946 186</b>
<b>NET ASSETS</b>			
Housing Development Fund	17	100 348	100 348
Accumulated Surplus		185 878 108	188 845 838
<b>TOTAL NET ASSETS</b>		<b>185 978 456</b>	<b>188 946 186</b>

**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Statement of Financial Performance**

Figures in Rands	Notes	2013	Restated 2012
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>		<b>55 578 233</b>	<b>62 891 439</b>
<b>Property Rates</b>		<b>7 133 839</b>	<b>12 504 104</b>
Property Rates	18	5 953 379	11 957 112
Property Rates - Penalties Imposed and Collection Charges	18	1 180 460	546 993
<b>Transfer Revenue</b>		<b>47 532 449</b>	<b>49 822 768</b>
Government Grants and Subsidies	19	47 532 449	49 822 768
<b>Other Revenue</b>		<b>911 945</b>	<b>564 566</b>
Fines	21	785 551	564 566
In-kind Donations and Assistance	50	126 393	
<b>Revenue from Exchange Transactions</b>		<b>42 422 158</b>	<b>32 862 766</b>
Interest Received	22	228 066	337 281
Licences and Permits		1 047 714	1 037 842
Other Income	23	2 685 161	3 899 888
Rental of Facilities and Equipment		1 184 456	202 304
Service Charges	24	35 139 278	27 385 452
Provision for Bad Debts Adjustment	20	2 137 483	-
<b>Total Revenue</b>		<b>98 000 391</b>	<b>95 754 205</b>
<b>EXPENDITURE</b>			
Audit Fees	25	1 237 548	1 255 993
Bulk Purchases	26	14 048 278	13 065 096
Contracted Service	27	3 574 236	2 372 381
Depreciation and Amortisation	6	6 622 462	6 373 832
Employee Related Costs	28	24 505 786	26 343 748
Finance Costs	29	359 858	776 807
General Expenses	30	19 787 139	9 397 617
Grants and Subsidies Paid	31	4 242 054	2 949 906
Operating Lease	32	2 364 650	3 552 380
Provision for Bad Debts	33	-	12 268 068
Remuneration of Councillors	34	3 719 477	2 917 536
Repairs And Maintenance		1 354 064	3 216 637
<b>Total Expenditure</b>		<b>81 815 551</b>	<b>84 490 001</b>
Impairment losses		2 602 384	-
<b>SURPLUS / (DEFICIT)</b>		<b>13 582 456</b>	<b>11 264 204</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>13 582 456</b>	<b>11 264 204</b>

eDumbe Municipality

Annual Financial Statements for the year ended 30 June 2013

Statement of Budget versus Actuals

Figures in Rands	Original Budget	Budget Adjustment	Variance Original Budget vs Adjusted Budget	Final Budget
<b>Financial Performance</b>				
Property Rates	7 728 721	7 219 736	508 985	7 728 721
Service Charges	17 553 222	18 980 084	(1 426 862)	17 553 222
Interest on investment	102 888	33 070	69 818	102 888
Rental of Facilities and Equipment	1 055 901	139 525	916 376	1 055 901
Fines & Licences and Permits	1 525 824	1 453 165	72 659	1 525 824
Transfer recognised - Operational	41 499 000	40 499 000	1 000 000	41 499 000
Other owned revenue	6 399 435	4 107 000	2 292 435	6 399 435
<b>Total revenue excl. Capital transfers &amp; Contributions</b>	<b>75 864 991</b>	<b>72 431 580</b>	<b>3 433 411</b>	<b>75 864 991</b>
Employee related costs	27 347 357	24 880 454	2 466 903	27 347 357
Remuneration for Councillors	3 322 895	3 322 895	-	3 719 477
Bulk Purchases	9 000 000	13 000 000	(4 000 000)	9 112 361
Depreciation & Asset impairment	1 276 231	1 276 231	-	1 276 231
Contracted Service	2 400 000	2 496 000	(96 000)	4 444 388
Finance Charges	120 000	120 000	-	359 733
Impairment	-	-	-	-
Transfers and Grants	-	-	-	3 924 804
Other expenditure	32 398 508	27 336 000	5 062 508	25 680 640
<b>Total expenditure</b>	<b>75 864 991</b>	<b>72 431 580</b>	<b>3 433 411</b>	<b>75 864 991</b>
<b>Surplus/ Deficit</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>
Transfer recognised - Capital	15 462 000	15 462 000	-	15 462 000
<b>Surplus or Deficit after capital transfer &amp; Contributions</b>	<b>15 462 000</b>	<b>15 462 000</b>	<b>-</b>	<b>15 462 000</b>
Capital Expenditure	15 462 000	15 462 000	-	15 462 000
<b>Cash flow</b>				
Net cash from/ used operating	17 938 231	7 040 326	-	7 040 326

Net cash from/ used investing	(15 462 000)	(18 663 252)	-	(18 663 252)
Net cash from/ used financing	(1 200 000)	(1 045 736)	-	(1 045 736)
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>1 276 231</b>	<b>(12 668 662)</b>	-	<b>(12 668 662)</b>
Cash and cash equivalents at the beginning of the year	501 046	868 119	-	868 119
<b>Cash and cash equivalents at the end of the year</b>	<b>1 777 277</b>	<b>(11 800 543)</b>	-	<b>(11 800 543)</b>

Actual Outcome	Variance Budget vs Actual	Variance comment Original Budget vs Adjusted Budget
7 133 839	(594 882)	Incorrect calculation from the valuation roll than adjusted
35 139 278	17 586 056	Increase based on the connections
228 066	125 178	Reduce due six months outcome
1 184 456	128 555	New rental agreement signed with Mondi
1 833 265	307 441	Reduce due six months outcome
47 532 449	6 033 449	Reduce due based on withholding of grants
2 685 161	(3 714 274)	Reduced due to uncollectable land sale
<b>95 736 515</b>	<b>19 871 524</b>	
24 505 786	2 841 571	Reduce the overtime expenditure
3 719 477	0	Councillors aligned to gazette
14 048 278	(4 935 917)	Increase in normal tarriff
6 622 462	(5 346 231)	Depreciation was incorrectly calculated
3 574 236	870 152	Aligned to the existing contract
359 858	(125)	
2 602 384	(2 602 384)	Impairment was not anticipated
4 242 054	(317 250)	
24 743 401	937 239	Reduce the expenditure due to uncollectable revenue
<b>84 417 935</b>	<b>(8 552 944)</b>	
<b>11 318 580</b>	<b>28 424 468</b>	
15 462 000	-	no adjustments as per DORA
<b>26 780 580</b>	<b>28 424 468</b>	
(9 248 701)	6 213 299	no adjustments as per DORA
2 471 595	4 568 731	

(3 249 198)  
(497 102)

(15 414 054)  
(548 634)

**(1 274 704)**

3 660 607

---

**2 385 903**

---

---



**Variance comment Budget vs Actual**

Correct calculation as per valuation roll

Increase based on the consumption in electricity  
Most of grant remained unspent which resulted to interest  
on investment

New rental agreement signed with Mondri  
Increase on fines issued and estimate on collectable fines

Increase in unspent conditional grants  
Increase due to writing back of bad debts adjustments

Reduce the overtime expenditure

396 582.00

Increase because of the Mayor and speaker being full time  
from being part time councillors

1 048 278.00

2 044 388.00

increased on assets based backlog assets. Prior assets were  
understated

239 733.00

Increase in security contract

3 924 804.00

7 653 785.00

Impairment was not anticipated

Increased due to settlement on court order as well as the  
training of section 57 Employees

Unspent conditional grants

Unspent conditional grants



**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Statement of Changes in Net Assets**

<b>Figures in Rand</b>	<b>Housing Fund</b>	<b>Accumulated surplus</b>	<b>Total net assets</b>
<b>Balance at 01 July 2011</b>	<b>100 348</b>	<b>264 349 148</b>	<b>264 449 496</b>
Changes in net assets		-	-
Surplus for the year		11 264 204	11 264 204
Correction of an error		(86 767 513)	(86 767 513)
<b>Balance at 30 June 2012</b>	<b>100 348</b>	<b>188 845 838</b>	<b>188 946 186</b>
<b>Balance at 01 July 2012</b>	<b>100 348</b>	<b>188 845 838</b>	<b>188 946 186</b>
Changes in net assets		(16 550 187)	(16 550 187)
Surplus for the year		13 582 456	13 582 456
<b>Balance at 30 June 2013</b>	<b>100 348</b>	<b>185 878 108</b>	<b>185 978 456</b>

**Notes**

**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Cash Flow Statement**

Figures in Rands	Notes	2013	Restated 2012
<b>CASH GENERATED FROM / (UTILISED IN) OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Sale of goods and services		19 097 013	98 317 909
Grants and Subsidies		53 744 622	49 822 768
Interest income-external investments		228 066	337 281
		<b>73 069 700</b>	<b>148 477 958</b>
<b>Payments</b>			
Employee costs		28 225 263	29 261 284
Suppliers		46 607 968	35 810 010
Finance costs		359 858	776 807
		<b>75 193 089</b>	<b>65 848 101</b>
<b>Net cash flows from operating activities</b>	34	<b>2 471 595</b>	<b>84 815 671</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	6	(3 249 198)	(2 389 556)
Proceeds from sale (correction of an error) of property, plant and equipment		-	(80 199 935)
<b>Net cash flows from investing activities</b>		<b>(3 249 198)</b>	<b>(82 589 490)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Finance lease		-	(123 923)
Retirement Obligation		(45 736)	838 863
Long term liabilities		(451 366)	(148 634)
<b>Net cash flows from financing activities</b>		<b>(497 102)</b>	<b>566 306</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1 274 704)</b>	<b>2 792 487</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3 660 607</b>	<b>868 118</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>2 385 904</b>	<b>3 660 607</b>

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013		Restated 2012
<b>2 Inventories</b>			
<b>3 Trade and other Receivables from exchange transactions</b>			
<b>4 Trade and other Receivables from non-exchange transactions</b>			
<b>5 Cash and Cash Equivalents</b>			
<b>6 Property, Plant and Equipment</b>			
	<b>Cost / Valuation</b>	<b>2013 Accumulated Depreciation and Impairment losses</b>	<b>Carrying Value</b>
Land	22 352 343	-	22 352 343
Buildings	82 949 748	(11 739 785)	71 209 963
Electricity	10 826 279	(1 299 501)	9 526 778
Roads and Infrastructure	82 523 590	(11 568 070)	70 955 520
Vehicles	1 612 143	(764 453)	847 689
Heritage Assets	147 149	-	147 149
Other Property, Plant and Equipment	8 553 389	(3 561 480)	4 991 909
Assets under construction (WIP)	14 441 044	-	14 441 044
<b>Total</b>	<b>223 405 684</b>	<b>(28 933 289)</b>	<b>194 472 395</b>

Reconciliation of property, plant and equipment at 30 June 2013

	Opening balance	Additions	Disposals	Transfers	Impairment	Depreciation	Total
Land	22 352 343	-	-	-	-	-	22 352 343
Buildings	74 982 670	25 950	-	408 630	(1 377 267)	(2 830 021)	71 209 963
Electricity	9 313 716	639 000	-	-	(127 591)	(298 347)	9 526 778
Roads and Infrastructure	73 852 917	-	-	-	(13 537)	(2 883 860)	70 955 520
Vehicles	1 061 140	-	-	-	(53 763)	(159 687)	847 689
Heritage Assets	147 149	-	-	-	-	-	147 149
Other Property, Plant and Equipment	2 207 753	4 660 699	-	-	(1 156 460)	(720 082)	4 991 909
Assets under construction (WIP)	6 525 330	8 324 344	-	(408 630)	-	-	14 441 044
<b>Total</b>	<b>190 443 017</b>	<b>13 649 993</b>	<b>-</b>	<b>-</b>	<b>(2 728 618)</b>	<b>(6 891 997)</b>	<b>194 472 395</b>

	Cost / Valuation	2012 Movements	Carrying Value
Land	22 352 343	-	22 352 343
Buildings	82 515 167	(7 532 497)	74 982 670
Electricity	10 187 279	(873 563)	9 313 716
Roads and Infrastructure	82 523 590	(8 670 673)	73 852 917
Vehicles	1 612 143	(551 003)	1 061 140
Heritage Assets	147 149	-	147 149
Other Property, Plant and Equipment	3 892 690	(1 684 937)	2 207 753
Assets under construction (WIP)	6 525 330	-	6 525 330
<b>Total</b>	<b>209 755 691</b>	<b>(19 312 674)</b>	<b>190 443 017</b>

Reconciliation of property, plant and equipment at 30 June 2012

	Opening balance	Correction of Errors	Restated Opening Balance	Additions	Transfers	Disposals	Depreciation	Total
Land	14 475 579	7 876 764	22 352 343	-	-	-	-	22 352 343
Buildings	60 106 464	17 473 521	77 579 985	-	-	-	(2 597 315)	74 982 670
Electricity	14 746 621	(5 141 159)	9 605 461	-	-	-	(291 746)	9 313 716
Roads and Infrastructure	165 815 509	(89 078 733)	76 736 776	-	-	-	(2 883 860)	73 852 917
Vehicles	4 852 030	(3 647 605)	1 204 425	-	-	-	(143 285)	1 061 140
Heritage Assets	-	147 149	147 149	-	-	-	-	147 149
Other Property, Plant and Equipment	14 605 154	(12 204 375)	2 400 779	238 730	-	-	(431 756)	2 207 753
Assets under construction (WIP)	-	4 374 505	4 374 505	2 150 826	-	-	-	6 525 330
<b>Total</b>	<b>274 601 357</b>	<b>(80 199 935)</b>	<b>194 401 422</b>	<b>2 389 556</b>	<b>-</b>	<b>-</b>	<b>(6 347 961)</b>	<b>190 443 017</b>

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

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
------------------	------	------------------

The useful life of all assets were reviewed on 30 June 2013 and as a result the useful lives of 1099 assets were extended to 30 June 2015. Depreciation for the current year therefore decreased by R174 460.25 from R6 612 951.36 to R6 438 491.11 as a result of the extension.

**7 Intangible Assets**

**Intangible Assets at 30 June 2013**

	Cost / Valuation	Accumulated amortisation / Impairment / Movements	Carrying value
Intangible assets	206 938	(126 528)	80 410

**Reconciliation of Intangible Assets at 30 June 2013**

	Opening balance	Additions	Amortisation	Total
Intangible assets	77 888	33 204	(30 682)	80 410
	<u>77 888</u>	<u>33 204</u>	<u>(30 682)</u>	<u>80 410</u>

**Intangible Assets at 30 June 2012**

	Cost / Valuation	Accumulated amortisation / Impairment / Movements	Carrying value
Intangible assets	173 734	(95 846)	77 888

**Reconciliation of Intangible Assets at 30 June 2012**

	Reported previously	Correction of Errors	Restated Opening Balance	Amortisation	Total
Intangible assets	418 662	(314 902)	103 760	(25 871)	77 888
	<u>418 662</u>	<u>(314 902)</u>	<u>103 760</u>	<u>(25 871)</u>	<u>77 888</u>

All of the municipality's intangible assets are held under freehold interests and no intangible assets have been pledged as security for any liabilities of the municipality.

**8 Investment Property**

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
9	Non-current receivables	
10	Long Term Liabilities	
11	Payables from Exchange Transactions	
12	VAT Payables (Receivables)	

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
------------------	------	------------------

13 Consumer Deposits

14 Unspent Conditional Grants and Receipts



eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
15 Provisions		
16 Retirement Benefit Obligation		
17 Housing Development Fund		

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
18 Property Rates		
19 Government Grants and Subsidies		
20 Provision for Bad Debts Adjustment		
21 Fines		
22 Interest Received		
23 Other Income		
24 Service Charges		
25 Audit Fees		
26 Bulk Purchases		
Electricity	<u>14 048 278</u>	<u>13 065 096</u>
Bulk purchases are in respect of electricity bill paid to Eskom.		
27 Contracted Service		
28 Employee Related Costs		
29 Finance Costs		
30 General Expenses		
31 Grants and Subsidies Paid		
32 Operating Lease		
33 Provision for Bad Debts		
34 Remuneration of Councillors		
35 Cash generated from / (utilised in) operating activities		
36 Change in accounting policy and correction of an error		
37 Capital Commitment		

eDumbe Municipality  
Annual Financial Statements for the year ended 30 June 2013  
Notes to the Annual Financial Statements

Figures in Rands	2013	Restated 2012
38	Unauthorised expenditure	
39	Irregular expenditure	
40	Fruitless and wasteful expenditure	

**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Notes to the Annual Financial Statements**

Figures in Rands	2013	Restated 2012
<b>41 Deviation from supply chain management regulations</b>		
<b>42 Distribution losses</b>		
<b>43 Events after the reporting date</b>		
<b>44 Related parties</b>		
<b>45 Contingent liabilities</b>		
<b>Claim for damage - Cox and Partner</b>	<b>3 400 000</b>	
<p>The Municipality is being sued by Cox and Partner for collection of debtors. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R 900 000. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 2 500 000.</p>		
<b>Claim for damages - AMT Putini</b>	<b>3 650 000</b>	
<p>The Municipality is being sued by AMT Putini for termination of contract. Council is contesting the claim based on legal advice. A court date has not yet been set for the appeal. The matter has been finalised, however, Putini has lodged an application to revive this unfair suspension. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 3 500 000. The contingent liability includes legal costs of R 150 000.</p>		
<b>Guarantee with Eskom</b>	<b>530 000</b>	
<p>The Municipality has call account amounting R530 000 has been invested with First National Bank as guarantee for Eskom licence</p>		
<b>Mthembu and Sons</b>	<b>3 150 000</b>	
<p>The municipality is being sued by Mthembu &amp; Sons who claimed that they have done the job for the municipality which amounts to R 3 000 000 for gravelling of Rural roads. Mthembu and Sons was appointed by former Speaker of the Council, Councillor Mncube and supply chain management procedures were not followed. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 3 000 000. The contingent liability includes legal costs of R 150 000. The court date has not been set.</p>		
<b>Mthembu and Sons</b>	<b>3 119 236</b>	
<p>The municipality is being sued by Mthembu &amp; Sons for the service they rendered to the municipality was given a contract for gravelling road that totals to R2 969 236.02 but they have not performed the work. Mthembu &amp; Sons want to be paid R2 969 236.02 because he has the contract with Municipality. Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 2 969 236.02. The contingent liability includes legal costs of R 150 000. The court date has not been set.</p>		
<b>MANDLA NGEMA'S CASE</b>	<b>200 000</b>	
<p>Mr Ngema took the municipality to SALGA for the unfair dismissal case. The case was ruled against the Municipality and the ruling was for the municipality to pay him 12 months salary and reinstate him. The municipality didn't accept the ruling and took the matter future. The matter is currently at Labour Court and the contingent liability estimate is for two year salary of Mr Ngema.</p>		
<b>MSN Investment</b>	<b>73 000</b>	
<p>The municipality is being sued by MSN Investment who claimed that he was appointed by the then Acting Municipal Manager verbally to continue working for eDumbe Local Municipality for the finalisation of the Annual Financial Statements. MSN Investment is claiming R73 000 for the work performed.</p>		
<b>IHLATHI TRANSPORT CC</b>	<b>2 000 000</b>	
<p>The municipality is being sued by Ihlathi Transport CC for the service rendered to the municipality. Ihlathi Transport is demanding outstanding payment of R1, 9 million from the municipality for services rendered. Ihlathi Transport CC has not issued summons but the matter has been referred to the court. The contingent liability includes legal costs of R 100 000.</p>		

**eDumbe Municipality**  
**Annual Financial Statements for the year ended 30 June 2013**  
**Notes to the Annual Financial Statements**

Figures in Rands	2013	Restated 2012
------------------	------	------------------

**Wage Collective agreement 2010**

-
---

The is possiblitiy contingencies arising from pending litigation on wage curve agreement. On 21 April 2010 SALGA signed the "Categorisation and job evaluation wage curves collective agreement" (wage curve agreement) with IMATU and SAMWU on behalf of municipalities. The agreement established the wage curves and wage scales to be used by municipalities in determining the wages of municipal employees, based on an evaluation of employees' jobs per the TASK job evaluation system. Subsequent to the signing of the agreement, the unions declared a dispute with the agreement. The dispute was referred to the Labour Court and the court delivered a ruling on 22 June 2012 that employees receive a salary increase backdated with effect from 1 July 2010 instead of 1 July 2011. SALGA, on behalf of municipalities, applied for leave to appeal this ruling and was granted the right to appeal against the judgement on 29 August 2012. To date this Labour Court of Appeal case has not been finalised. As a result of the uncertainties arising from the dispute declared by the unions and the pending litigation regarding the wage curve agreement, the municipality may have an additional receivable/ payable for employee wages, depending on the outcome of the pending litigation; Therefore it is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation

**46 Going concern**

**47 Risk management**

**48 Budget versus Actual Statement**

**49 Lessor**

**50 In-kind Donations and Assistance**