

# **KANNALAND**

## **MUNICIPALITY**



[These financial statements have not been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2013**

# KANNALAND MUNICIPALITY

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# KANNALAND MUNICIPALITY

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

### GENERAL INFORMATION

#### **NATURE OF BUSINESS**

Kannaland Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

#### **COUNTRY OF ORIGIN AND LEGAL FORM**

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

#### **CONSOLIDATED FINANCIAL STATEMENTS**

The municipality is not required to prepare consolidated financial statements

#### **JURISDICTION**

The KANNALAND Municipality includes the following areas:

*Ladismith  
Calitzdorp  
Vanwyksdorp  
Zoar*

#### **MUNICIPAL MANAGER**

Mr. MM Hoogbaard

#### **CHIEF FINANCIAL OFFICER**

Mr. NB Delo

#### **REGISTERED OFFICE**

Church Street  
Ladismith  
6655

#### **AUDITORS**

Office of the Auditor General (WC)

#### **PRINCIPLE BANKERS**

ABSA, Oudtshoorn  
FNB, Ladismith

#### **RELEVANT LEGISLATION**

Municipal Finance Management Act (Act no 56 of 2003)  
Division of Revenue Act  
The Income Tax Act  
Value Added Tax Act  
Municipal Structures Act (Act no 117 of 1998)  
Municipal Systems Act (Act no 32 of 2000)  
Municipal Planning and Performance Management Regulations  
Water Services Act (Act no 108 of 1997)  
Housing Act (Act no 107 of 1997)  
Municipal Property Rates Act (Act no 6 of 2004)  
Electricity Act (Act no 41 of 1987)  
Skills Development Levies Act (Act no 9 of 1999)  
Employment Equity Act (Act no 55 of 1998)  
Unemployment Insurance Act (Act no 30 of 1966)  
Basic Conditions of Employment Act (Act no 75 of 1997)  
Supply Chain Management Regulations, 2005  
Collective Agreements  
Infrastructure Grants  
SALBC Leave Regulations  
Financial Intelligence Centre Act (Act no 28 of 2001)  
Supply Chain Management Regulations, 2005

# KANNALAND MUNICIPALITY

## MEMBERS OF THE KANNALAND MUNICIPALITY

### COUNCILLORS

Proportional		PJ Antonie	Deputy Mayor
Proportional		ML Claasen	
Ward	1	J Donson	Mayor
Ward	2	WP Meshoa	
Ward	4	AJ Rossouw	
Ward	3	HD Ruiters	Speaker
Proportional		L Willemse	

### APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 84 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

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*Mr. MM Hoogbaard*  
**Municipal Manager**

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**Date**

**KANNALAND MUNICIPALITY**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013**

	Notes	2013 R (Actual)	2012 R (Restated)
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net Assets</b>		<b>188 584 989</b>	<b>181 900 263</b>
Accumulated Surplus/(Deficit)		188 584 989	181 900 263
<b>Non-Current Liabilities</b>		<b>19 281 800</b>	<b>18 512 191</b>
Long-term Liabilities	2	10 028 505	9 692 843
Non-Current Employee Benefits	3	7 100 883	6 885 248
Non-Current Provisions	4	2 152 412	1 934 100
<b>Current Liabilities</b>		<b>62 027 053</b>	<b>37 143 247</b>
Consumer Deposits	5	559 519	521 831
Current Employee benefits	6	4 677 918	3 441 857
Provisions	7	2 889 390	2 889 390
Payables	8	39 784 577	24 139 074
Unspent Conditional Government Grants and Receipts	9	12 840 260	4 753 524
Taxes	10.1	-	-
Operating Lease Liability	20.1	23 049	15 056
Bank Overdraft	21	-	856 424
Current Portion of Long-term Liabilities	2	1 252 340	526 091
<b>Total Net Assets and Liabilities</b>		<b>269 893 842</b>	<b>237 555 702</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>		<b>234 700 227</b>	<b>221 813 111</b>
Property, Plant and Equipment	11	228 758 703	216 237 882
Investment Property	12	1 556 525	1 599 059
Intangible Assets	13	271 034	316 517
Capitalised restoration costs	14	67 988	88 545
Investments	15	4 043 791	3 564 511
Long-Term Receivables	16	2 186	6 597
<b>Current Assets</b>		<b>35 193 617</b>	<b>15 742 593</b>
Inventory	17	879 696	842 220
Receivables from exchange transactions	18	13 561 095	7 807 629
Receivables from non-exchange transactions	19	4 981 848	2 945 581
Unpaid Conditional Government Grants and Receipts	9	1 115 893	1 451 198
Operating Lease Asset	20.2	-	-
Current Portion of Long-term Receivables	16	4 123	3 525
Taxes	10.1	5 240 909	1 229 680
Cash and Cash Equivalents	21	9 410 053	1 462 760
<b>Total Assets</b>		<b>269 893 844</b>	<b>237 555 704</b>

KANNALAND MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
<b>REVENUE</b>					
<b>Revenue from Non-exchange Transactions</b>		<b>65 643 792</b>	<b>58 387 366</b>	<b>-</b>	<b>58 321 416</b>
<b>Taxation Revenue</b>		<b>8 801 692</b>	<b>8 343 022</b>	<b>-</b>	<b>8 343 022</b>
Property taxes	22	8 801 692	8 343 022	-	8 343 022
<b>Transfer Revenue</b>		<b>56 237 592</b>	<b>48 993 044</b>	<b>-</b>	<b>48 927 094</b>
Government Grants and Subsidies - Capital	23	18 484 981	15 165 329	-	16 293 886
Government Grants and Subsidies - Operating	23	37 707 611	26 845 258	-	25 650 751
Public Contributions and Donations		45 000	6 982 457	-	6 982 457
<b>Other Revenue</b>		<b>604 508</b>	<b>1 051 300</b>	<b>-</b>	<b>1 051 300</b>
Fines		604 508	1 051 300	-	1 051 300
<b>Revenue from Exchange Transactions</b>		<b>51 249 894</b>	<b>43 755 703</b>	<b>2 896 202</b>	<b>40 925 406</b>
Service Charges	24	45 740 570	38 879 260	2 896 202	35 983 058
Rental of Facilities and Equipment		245 186	220 089	-	220 089
Interest Earned - external investments		997 115	727 656	-	727 656
Interest Earned - outstanding debtors		1 621 573	871 652	-	871 652
Licences and Permits		109 513	101 448	-	101 448
Income for Agency Services		585 053	541 245	-	541 245
Other Income	25	1 419 025	2 045 606	-	2 111 512
Property Rates - penalties imposed and collection charges		-	-	-	-
Actuarial Gain	3	531 859	-	-	-
Gain on disposal of Property, Plant and Equipment		-	36 833	-	36 833
Debt Impairment	28	-	331 914	-	331 914
<b>Total Revenue</b>		<b>116 893 686</b>	<b>102 143 069</b>	<b>2 896 202</b>	<b>99 246 822</b>
<b>EXPENDITURE</b>					
Employee related costs	26	31 561 665	29 379 364	-	29 379 364
Remuneration of Councillors	27	2 801 007	2 203 693	-	2 203 693
Debt Impairment	28	4 627 433	3 907 545	-	3 907 545
Collection costs		-	26 022	-	26 022
Depreciation and Amortisation	29	8 256 420	8 507 061	(857 016)	9 364 077
Impairments	30	2 707	586	-	586
Repairs and Maintenance		1 660 298	6 074 937	4 295 236	1 779 701
Actuarial losses	3	-	46 136	-	46 136
Finance Charges	31	3 041 994	2 896 303	33 334	2 862 970
Bulk Purchases	32	22 642 460	22 326 126	1 947 515	20 378 611
Contracted Services		4 217 466	1 094 572	-	1 094 529
Stock Adjustments		1	-	-	1
Operating Grant Expenditure		18 738 191	9 368 877	-	9 368 877
General Expenses	33	12 613 024	11 447 518	(101 640)	11 549 158
Loss on Derecognition of Assets	34	46 294	2 079 463	-	2 079 463
<b>Total Expenditure</b>		<b>110 208 960</b>	<b>99 358 203</b>	<b>5 317 429</b>	<b>94 040 733</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>6 684 726</b>	<b>2 784 865</b>	<b>(2 421 227)</b>	<b>5 206 089</b>

**KANNALAND MUNICIPALITY**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30  
JUNE 2013**

	<b>Accumulated Surplus/ (Deficit)</b>	<b>Total</b>
	<b>R</b>	<b>R</b>
<b>Balance at 1 JULY 2011</b>	<b>179 115 398</b>	<b>179 115 398</b>
Correction of error - Note 35.2	-	-
<b>Restated Balance at 1 JULY 2011</b>	<b>179 115 398</b>	<b>179 115 398</b>
Transfer to/from CRR	-	-
Donated Property, Plant and Equipment	-	-
Net Surplus previously shown	5 206 089	5 206 089
Correction of error - Note 35.2	(2 421 227)	(2 421 227)
Net Surplus for the year	2 784 865	2 784 865
<b>Restated Balance at 30 JUNE 2012</b>	<b>181 900 263</b>	<b>181 900 263</b>
Net Surplus for the year	6 684 726	6 684 726
<b>Balance at 30 JUNE 2013</b>	<b>188 584 989</b>	<b>188 584 989</b>

**KANNALAND MUNICIPALITY**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013**

	Notes	2013 R (Actual)	2012 R (Restated)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates and taxes		6 765 425	6 411 081
Sales of goods and services		32 288 194	31 283 440
Grants and public contributions		64 659 633	47 825 891
Interest received		2 618 688	1 599 308
Other		2 555 392	3 133 739
<b>Payments</b>			
Employees and councillors		(32 910 976)	(29 469 663)
Suppliers		(44 037 107)	(37 335 479)
Finance charges	31	(3 041 994)	(2 896 303)
Other payments		(46 295)	(2 151 621)
Transfers and Grants		-	-
<b>Cash generated by operations</b>	<b>36</b>	<b>28 850 960</b>	<b>18 400 392</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment	11	(20 671 374)	(11 338 752)
Purchase of Investment property	12	-	-
Decrease/(Increase) in Non-current Investments	15	(479 280)	(440 170)
Purchase of Intangible Assets	13	0	(26 812)
Decrease/(Increase) in Long-term receivables	16	3 813	3 569
<b>Net Cash from Investing Activities</b>		<b>(21 146 841)</b>	<b>(11 802 164)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Loans repaid		1 061 911	(7 435 035)
Increase in Consumer Deposits		37 687	(21 511)
<b>Net Cash from Financing Activities</b>		<b>1 099 598</b>	<b>(7 456 546)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>8 803 717</b>	<b>(858 318)</b>
Cash and Cash Equivalents at the beginning of the year		606 336	1 464 650
Cash and Cash Equivalents at the end of the year	37	9 410 053	606 336
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>8 803 717</b>	<b>(858 314)</b>



11 PROPERTY, PLANT AND EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value R		
	Opening Balance R	Additions R	Under construction R	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairments R	Disposals R		Transfers	Closing Balance R
<b>Land and Buildings</b>	<b>11 006 853</b>	-	-	-	-	<b>11 006 853</b>	<b>1 018 804</b>	<b>180 139</b>	-	-	-	<b>1 198 943</b>	<b>9 807 910</b>
Land	4 228 722					4 228 722	-					-	4 228 722
Buildings	6 778 131					6 778 131	1 018 804	180 139				1 198 943	5 579 188
<b>Infrastructure</b>	<b>277 449 190</b>	<b>8 657 421</b>	<b>8 271 805</b>	-		<b>294 378 416</b>	<b>89 186 635</b>	<b>6 093 467</b>	-	-		<b>95 280 102</b>	<b>199 098 314</b>
Storm water and Roads	61 942 925	1 644 988	290 686			63 878 599	24 297 616	1 739 064				26 036 680	37 841 919
Sewerage	67 664 176		4 345 450			72 009 626	23 213 531	2 222 873				25 436 404	46 573 222
Electricity	58 308 234	4 385 965	-			62 694 199	15 498 697	911 149				16 409 846	46 284 353
Refuse	74 340		49 429			123 769	15 136	2 634				17 770	105 999
Water	88 458 150	2 626 469	3 586 240			94 670 859	25 987 179	1 186 227				27 173 406	67 497 452
Fencing	1 001 365					1 001 365	174 476	31 520				205 996	795 369
Under construction						-	-					-	-
<b>Community Assets</b>	<b>16 316 880</b>	<b>1 440 182</b>	<b>71 260</b>	-		<b>17 828 322</b>	<b>2 743 942</b>	<b>496 100</b>	-			<b>3 240 042</b>	<b>14 588 280</b>
Recreation Grounds	5 502 470	1 371 532	71 260			6 945 262	732 014	140 198				872 212	6 073 050
Civic Buildings	4 061 977					4 061 977	604 731	110 797				715 528	3 346 449
Libraries	1 405 875	49 150	-			1 455 025	198 829	44 214				243 043	1 211 982
Parks and Gardens	77 500	19 500	-			97 000	7 442	2 245				9 687	87 313
Swimming Pools	5 242 035					5 242 035	1 196 895	197 909				1 394 804	3 847 231
Cemetery	27 023					27 023	4 031	737				4 768	22 255
<b>Lease Assets</b>	<b>111 424</b>	<b>2 164 345</b>		-		<b>2 275 770</b>	<b>44 513</b>	<b>591 171</b>	-			<b>635 683</b>	<b>1 640 086</b>
Office Equipment	111 424	2 164 345				2 275 770	44 513	591 171				635 683	1 640 086
<b>Heritage Assets</b>	<b>-</b>	<b>-</b>		-		<b>-</b>	<b>-</b>	<b>-</b>	-			<b>-</b>	<b>-</b>
Buildings	-	-				-	-	-				-	-
<b>Other Assets</b>	<b>8 432 162</b>	<b>191 897</b>		<b>-129 304</b>	<b>17 007</b>	<b>8 511 762</b>	<b>4 084 733</b>	<b>885 927</b>	-	<b>-83 010</b>		<b>4 887 650</b>	<b>3 624 112</b>
Computer equipment	1 245 898			-73 849	17 007	1 189 057	604 040	209 436		-44 266		769 210	419 846
Emergency equipment	23 014			-1 295		21 719	13 105	3 090		-926		15 269	6 450
Furniture & Fittings	1 216 401			-18 841		1 197 560	568 524	179 306		-7 461		740 368	457 191
Motor vehicles	4 064 519			-25 754		4 038 765	1 850 099	265 882		-25 320		2 090 661	1 948 104
Office Equipment	740 939	163 465		-7 819		896 585	370 265	124 304		-4 800		489 769	406 816
Other	588					588	421					421	167
Plant and equipment	1 140 802	28 432		-1 746		1 167 488	678 279	103 909		-236		781 952	385 536
	<b>313 316 509</b>	<b>12 453 846</b>	<b>8 343 065</b>	<b>-129 304</b>	<b>17 007</b>	<b>334 001 123</b>	<b>97 078 627</b>	<b>8 246 803</b>	-	<b>-83 010</b>	-	<b>105 242 420</b>	<b>228 758 703</b>

KANNALAND MUNICIPALITY NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

30 JUNE 2012

Reconciliation of Carrying Value

	Cost					Accumulated Depreciation and Impairment Losses					Carrying Value		
	Opening Balance R	Additions R	Under construction R	Disposals R	Transfers	Closing Balance R	Opening Balance R	Depreciation Charge R	Impairments R	Disposals R	Transfers	Closing Balance R	R
<b>Land and Buildings</b>	<b>11 173 923</b>	-		<b>-167 070</b>		<b>11 006 853</b>	<b>826 876</b>	<b>213 459</b>	-			<b>1 018 804</b>	<b>9 988 049</b>
Land	4 236 722	-		-8 000		4 228 722	-	-				-	4 228 722
Buildings	6 937 201	-		-159 070		6 778 131	826 876	213 459		-21 531		1 018 804	5 759 327
<b>Infrastructure</b>	<b>266 768 486</b>	<b>3 623 707</b>	<b>9 220 970</b>	<b>-2 163 973</b>		<b>277 449 190</b>	<b>83 573 571</b>	<b>6 005 801</b>	-			<b>89 186 635</b>	<b>188 262 555</b>
Storm water and Roads	58 875 261	2 620 285	447 379	-		61 942 925	22 532 832	1 764 784	-			24 297 616	37 645 309
Sewerage	64 852 713	-	2 811 463	-		67 664 176	21 207 947	2 005 584	-			23 213 531	44 450 645
Electricity	63 598 224	970 544	-4 295 236	-1 965 298		58 308 234	14 806 963	1 010 881	-	-319 147		15 498 697	42 809 537
Refuse	74 340	-	-	-		74 340	11 841	3 295				15 136	59 204
Water	78 366 583	32 878	10 257 364	-198 675		88 458 150	24 877 206	1 183 563		-73 590		25 987 179	62 470 971
Fencing	1 001 365	-	-	-		1 001 365	136 782	37 694				174 476	826 889
<b>Community Assets</b>	<b>16 239 336</b>	<b>77 544</b>		-		<b>16 316 880</b>	<b>2 140 584</b>	<b>603 358</b>	-			<b>2 743 942</b>	<b>13 572 938</b>
Recreation Grounds	5 502 470	-	-	-		5 502 470	570 621	161 393	-			732 014	4 770 456
Civic Buildings	4 061 977	-	-	-		4 061 977	476 321	128 410				604 731	3 457 246
Libraries	1 328 331	77 544	-	-		1 405 875	156 180	42 649				198 829	1 207 046
Parks and Gardens	77 500	-	-	-		77 500	4 840	2 602				7 442	70 058
Swimming Pools	5 242 035	-	-	-		5 242 035	929 445	267 450				1 196 895	4 045 140
Cemetery	27 023	-	-	-		27 023	3 177	854	-			4 031	22 992
<b>Lease Assets</b>	<b>111 424</b>	-		-		<b>111 424</b>	<b>22 614</b>	<b>21 899</b>	-			<b>44 513</b>	<b>66 911</b>
Office Equipment	111 424	-		-		111 424	22 614	21 899	-			44 513	66 911
Balance Previously Reported	111 424					111 424	22 614	44 527				67 141	44 283
Correction of Error								-22 628				-22 628	22 628
<b>Other Assets</b>	<b>8 458 722</b>	<b>469 346</b>	-	<b>-495 906</b>	-	<b>8 432 162</b>	<b>2 965 902</b>	<b>1 382 446</b>	-	<b>-263 615</b>	-	<b>4 084 733</b>	<b>4 347 429</b>
Computer equipment	1 242 824	201 021		-197 947		1 245 898	469 584	234 960	-	-100 504		604 040	641 858
Balance Previously Reported	1 242 824	201 021		-197 947		1 245 898		388 302		-100 504		757 382	488 516
Correction of Error								-153 342				-153 342	153 342
Emergency equipment	28 252	-	-	-5 238		23 014	12 097	4 001	-	-2 993		13 105	9 909
Balance Previously Reported	28 252			-5 238		23 014	12 097	7 348		-2 993		16 452	6 562
Correction of Error								-3 347				-3 347	3 347
Furniture & Fittings	1 168 547	206 239	-	-158 385		1 216 401	462 908	194 098	-	-88 482		568 524	647 877
Balance Previously Reported	1 168 547	206 239		-158 385		1 216 401	462 908	347 389		-88 482		721 815	494 586
Correction of Error								-153 291				-153 291	153 291
Motor vehicles	4 064 519	-	-	-		4 064 519	1 231 157	618 942	-	-		1 850 099	2 214 420
Balance Previously Reported	4 064 519					4 064 519	1 231 157	1 060 207				2 291 364	1 773 155
Correction of Error								-441 265				-441 265	441 265
Office Equipment	746 544	60 340	-	-65 945		740 939	289 036	112 828	-	-31 599		370 265	370 674
Balance Previously Reported	746 544	60 340		-65 945		740 939	289 036	207 142		-31 599		464 579	276 360
Correction of Error								-94 314				-94 314	94 314
Other	588	-	-	-		588	252	169	-			421	167
Plant and equipment	1 207 447	1 746	-	-68 391		1 140 802	500 868	217 448	-	-40 037		678 279	462 523
Balance Previously Reported	1 207 447	1 746		-68 391		1 140 802	500 868	294 865		-40 037		755 696	385 106
Correction of Error								-77 417				-77 417	77 417
	<b>302 751 891</b>	<b>4 170 597</b>	<b>9 220 970</b>	<b>-2 826 949</b>		<b>313 316 509</b>	<b>89 529 547</b>	<b>8 226 963</b>	-	<b>-263 615</b>	-	<b>97 078 627</b>	<b>216 237 882</b>

	2013 R	2012 R
<b>2 LONG-TERM LIABILITIES</b>		
Annuity Loans - At amortised cost	9 673 522	10 144 531
Capitalised Lease Liability - At amortised cost	1 607 323	74 403
	<b>11 280 845</b>	<b>10 218 934</b>
Current Portion transferred to Current Liabilities	<b>(1 252 340)</b>	<b>(526 091)</b>
Annuity Loans - At amortised cost	(534 435)	(471 425)
Capitalised Lease Liability - At amortised cost	(717 905)	(54 666)
<b>Total Long-term Liabilities - At amortised cost using the effective interest rate method</b>	<b>10 028 505</b>	<b>9 692 843</b>

The obligations under finance leases are scheduled below:

	Minimum lease payments	
Amounts payable under finance leases:		
Payable within one year	717 905	68 729
Payable within two to five years	1 158 499	22 910
	1 876 404	91 639
<b>Less:</b> Future finance charges obligations	(269 081)	(17 236)
<b>Present value of lease obligations</b>	<b>1 607 323</b>	<b>74 403</b>

Leases are secured by property, plant and equipment - Note 11

The annuity loans are partly secured by an investment - Note 15

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

<u>Supplier</u>	<u>Description of leased item</u>	<u>Effective Interest rate</u>	<u>Annual Escalation</u>	<u>Lease Term</u>	<u>Maturity Date</u>
Techno fin	Photocopier	11%	0%	60 months	2013/10/31

	2013 R	2012 R
<b>3 NON-CURRENT EMPLOYEE BENEFITS</b>		
Post Retirement Health Care Benefits	5 980 021	5 920 783
Long Service Awards	1 120 862	964 465
<b>Total Non-current Employee Benefit Liabilities</b>	<b>7 100 883</b>	<b>6 885 248</b>
<b><u>Post Retirement Health Care Benefits</u></b>		
Balance 1 July	6 176 575	5 535 782
Current service cost	308 043	320 719
Interest Cost	468 052	464 476
Contributions (benefits paid)	(241 918)	(225 487)
Actuarial Loss/(Gain)	(450 267)	81 085
<b>Total Post Retirement Health Care Benefits 30 June</b>	<b>6 260 485</b>	<b>6 176 575</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(280 464)	(255 792)
<b>Balance 30 June</b>	<b>5 980 021</b>	<b>5 920 783</b>
<b><u>Long Service Awards</u></b>		
Balance 1 July	1 075 657	882 381
Current service cost	169 065	132 896
Interest Cost	65 742	64 349
Benefit Vesting	(31 616)	(45 840)
Actuarial Loss/(Gain)	(81 592)	41 871
<b>Total long service 30 June</b>	<b>1 197 256</b>	<b>1 075 657</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(76 394)	(111 192)
<b>Balance 30 June</b>	<b>1 120 862</b>	<b>964 465</b>
<b><u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u></b>		
Balance 1 July	7 252 232	6 418 163
Current service cost	477 108	453 615
Interest cost	533 794	528 825
Benefits paid / vested	(273 534)	(271 327)
Actuarial Loss/(Gain)	(531 859)	122 956
<b>Total employee benefits 30 June</b>	<b>7 457 741</b>	<b>7 252 232</b>
<b>Less:</b> Transfer of Current Portion - Note 6	(356 858)	(366 984)
<b>Balance 30 June</b>	<b>7 100 883</b>	<b>6 885 248</b>

<b>3</b>	<b>EMPLOYEE BENEFITS (CONTINUE)</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
<b>3.1</b>	<b>Post Retirement Health Care Benefits</b>		
	The Post Retirement Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
	In-service (employee) members	52	52
	In-service (employee) non-members	35	48
	Continuation members (e.g. Retirees, widows, orphans)	11	11
	<b>Total Members</b>	<b>98</b>	<b>111</b>

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

In-service members	2 635 072	2 651 618
Continuation members	3 625 417	3 524 957
<b>Total Liability</b>	<b>6 260 489</b>	<b>6 176 575</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Hosmed  
LA Health  
Key Health, and  
SAMWU Medical Aid

The Current-service Cost for the ensuing year is estimated to be R320 729, whereas the Interest Cost for the next year is estimated to be R464,476 .

<b>3.1</b>	<b>Post Retirement Health Care Benefits</b>	<b>2013</b>	<b>2012</b>
		<b>%</b>	<b>%</b>

Key actuarial assumptions used:

**i) Rate of interest**

Discount rate	8.66%	7.74%
Health Care Cost Inflation Rate	7.55%	6.91%
Net Effective Discount Rate	1.03%	0.77%

**ii) Mortality rates**

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

**iii) Normal retirement age**

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	5 980 021	5 920 783
<b>Net liability/(asset)</b>	<b>5 980 021</b>	<b>5 920 783</b>

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

**Reconciliation of present value of fund obligation:**

Present value of fund obligation at the beginning of the year	6 176 575	5 535 782
Total expenses	534 177	559 708
Current service cost	308 043	320 719
Interest Cost	468 052	464 476
Benefits Paid	(241 918)	(225 487)
Actuarial (gains)/losses	(450 267)	81 085
Present value of fund obligation at the end of the year	6 260 485	6 176 575
<b>Less:</b> Transfer of Current Portion - Note 6	(280 464)	(255 792)
<b>Balance 30 June</b>	<b>5 980 021</b>	<b>5 920 783</b>

## 3 EMPLOYEE BENEFITS (CONTINUE)

## 3.1 Post Retirement Health Care Benefits

## Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	2.635	3.625	6.26	

The effect of movements in the assumptions is as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	1%	3.223	3.895	7.117	14%
Health care inflation	-1%	2.169	3.400	5.568	-11%
Post-retirement mortality	-1 year	2.745	3.767	6.513	4%
Average retirement age	-1 year	2.959	3.625	6.584	5%
Withdrawal Rate	-50%	2.951	3.625	6.576	5%

## 3.2 Retirement funds

The Municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. These funds are governed by the Pension Funds Act, and include both defined benefit and defined contribution schemes.

Both the Cape Joint Fund and Cape Retirement Fund are multi-employer plans. This means that there are multiple local authorities that participate in these funds. GRAP25.31 state that when sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality was not supplied with information on the Municipality's share of the Pension and Retirement Funds' assets by the fund administrator.

**Combined plans (including both defined benefit and defined contribution members)****CAPE JOINT PENSION FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).

**CAPE JOINT RETIREMENT FUND**

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.00% (30 June 2011 - 103.30%).

**Defined contribution plans**

Council contribute to the Government Employees Pension Fund, Municipal Council Pension Fund, IMATU Retirement Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	2013 R	2012 R
Contributions paid recognised in the Statement of Financial Performance	2 540 862	2 237 506

3	EMPLOYEE BENEFITS (CONTINUE)	2013 R	2012 R
3.3	<b>Long Service Awards</b>		
	Reconciliation of present value of fund obligation:		
	Present value of fund obligation at the beginning of the year	882 381	882 381
	Total expenses	203 191	86 550
	Current service cost	169 065	132 896
	Interest Cost	65 742	64 349
	Benefit Vesting	(31 616)	(45 840)
	Actuarial (gains)/losses	(81 592)	20 766
	Present value of fund obligation at the end of the year	1 003 980	882 381
	Less: Transfer of Current Portion - Note 7	(111 192)	(111 192)
	<b>Balance 30 June</b>	<b>892 788</b>	<b>764 072</b>

**Sensitivity Analysis on the Accrued Liability**

Key actuarial assumptions used:	2013 %	2012 %
i) Rate of interest		
Discount rate	7.47%	7.81%
General Salary Inflation	6.85%	6.27%
Net Effective Discount Rate	0.58%	1.44%

Assumption	Change	Current Service Cost	Interest Cost	Total	% Change
Central Assumption		169 100	65 700	234 800	
General Salary Inflation	1.00%	182 500	71 100	253 600	8.00%
General Salary Inflation	-1.00%	157 300	61 000	218 300	-7.00%
Post-retirement mortality	-2 years	160 300	60 000	220 300	-6.00%
Average retirement age	+2 years	180 400	71 900	252 300	7.00%
Withdrawal Rate	-50.0%	225 300	80 100	305 400	30.00%

4	NON-CURRENT PROVISIONS	2013	2012
	Provision for Rehabilitation of Landfill-sites	2 152 412	1 934 100
	<b>Total Non-current Provisions</b>	<b>2 152 412</b>	<b>1 934 100</b>

Provision is made for the estimated cost of rehabilitating waste sites. The provision has been determined on the basis of a recent independent study. The cost factors derived from the study by a firm of consulting engineers have been applied and projected at an annual inflation rate of 6% and discounted to present value at the return on investments of 6.42%; hence the difference. The payment dates of total closure and rehabilitation are uncertain, but are currently expected to be between 2012/18.

**Landfill Sites**

Balance 1 July	4 823 490	4 823 490
Contribution for the year	218 312	-
<b>Total provision 30 June</b>	<b>5 041 802</b>	<b>4 823 490</b>
Current Portion - Refer note	(2 889 390)	(2 889 390)
<b>Balance 30 June</b>	<b>2 152 412</b>	<b>1 934 100</b>

Location	Site Dimensions	Estimated decommission date	Cost of Rehabilitation 2013	Cost of Rehabilitation 2012
Ladismith	9 000m <sup>2</sup>	2016	1 093 682	1 046 325
Calitzdorp	20 000m <sup>2</sup>	2013	1 487 144	1 422 750
Zoar	20 000m <sup>2</sup>	2018	927 956	887 775
Van Wyksdorp	10 000m <sup>2</sup>	2008	1 533 021	1 466 640
			<b>5 041 802</b>	<b>4 823 490</b>

	2013 R	2012 R
<b>5 CONSUMER DEPOSITS</b>		
Electricity and Water	559 519	521 836
<b>Total Consumer Deposits</b>	<b>559 519</b>	<b>521 836</b>
<b>Guarantees held in lieu of Electricity and Water Deposits</b>	<b>-</b>	<b>-</b>

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amounts.

<b>6 CURRENT EMPLOYEE BENEFITS</b>		
Current Portion of Post Retirement Health Care Benefits - Note 3	356 858	366 984
Staff Leave	3 497 392	2 461 996
Bonuses	823 668	612 877
<b>Total Current Employee Benefits</b>	<b>4 677 918</b>	<b>3 441 857</b>

The movement in current employee benefits are reconciled as follows:

**Staff Leave**

Balance at beginning of year	2 461 996	1 266 940
Contribution to current portion	1 355 004	1 195 056
Leave payments made	(319 608)	
Balance at end of year	<b>3 497 392</b>	<b>2 461 996</b>

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Bonuses**

Balance at beginning of year	555 183	470 915
Contribution to current portion	210 791	84 268
Balance at end of year	<b>765 974</b>	<b>555 183</b>

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

<b>7 PROVISIONS</b>		
Current Portion of Rehabilitation of Landfill-sites - Note 4	2 889 390	2 889 390
<b>Total Provisions</b>	<b>2 889 390</b>	<b>2 889 390</b>

<b>8 PAYABLES</b>		
Trade Payables	31 262 641	17 276 971
Sundry Creditors	7 366 892	5 459 518
Payments received in advance <i>Receivables from exchange transactions</i>	544 391	900 709
Payments received in advance <i>Receivables from non-exchange transactions</i>	-	75 965
Retentions	442 362	305 384
Sundry Deposits	168 291	120 527
SETA	-	-
<b>Total Trade Payables</b>	<b>39 784 577</b>	<b>24 139 074</b>

Payables are being recognised net of any discounts.

Payables should be paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include library deposits.

9	<b>UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS</b>	<b>2013 R</b>	<b>2012 R</b>
	<b>Unspent Grants</b>	12 840 260	4 753 524
	National Government Grants	5 051 265	2 577 449
	Provincial Government Grants	1 461 855	1 584 780
	Balance previously reported		2 033 421
	Correction of Error		(448 641)
	District Municipality	128 118	152 272
	Other Grant Providers	6 199 022	439 023
	<b>Less: Unpaid Grants</b>	1 115 893	1 451 198
	National Government Grants	1 107 717	1 422 839
	Provincial Government Grants	8 176	28 359
	District Municipality	-	-
	Other Grant Providers	-	-
	<b>Total Conditional Grants and Receipts</b>	<b>11 724 367</b>	<b>3 302 326</b>

See appendix "B" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

**10 TAXES**

**10.1 VAT PAYABLE**

VAT Payable	-	-
VAT output in suspense	3 716 597	4 834 726
<b>Total Vat payable</b>	<b>3 716 597</b>	<b>4 834 726</b>

**10.2 VAT RECEIVABLE**

VAT Refundable	5 076 055	13 531
Balance previously reported		13 531
Correction of Error	-	-
VAT input in suspense	3 881 451	6 050 875
<b>Total VAT receivable</b>	<b>8 957 506</b>	<b>6 064 406</b>

**10.3 NET VAT RECEIVABLE/(PAYABLE)**

<b>5 240 909</b>	<b>1 229 680</b>
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VAT is receivable/payable on the cash basis.



11 PROPERTY, PLANT AND EQUIPMENT

See attached sheet

There are no property plant and equipment assets whose title is restricted.

There are no property plant and equipment assets pledged as security for liabilities

There are no contractual commitments for the acquisition of property plant and equipment assets.

There are Leased Assets pledged as security for liabilities to the value of R2 275 770



	2013 R	2012 R
<b>12 INVESTMENT PROPERTY</b>		
<b>Net Carrying amount at 1 July</b>	<b>1 599 059</b>	<b>1 648 435</b>
Cost	1 831 704	1 831 704
Accumulated Depreciation	(232 645)	(183 269)
Depreciation for the year	(42 534)	(49 376)
<b>Net Carrying amount at 30 June</b>	<b>1 556 525</b>	<b>1 599 059</b>
Cost	1 831 704	1 831 704
Accumulated Depreciation	(275 179)	(232 645)

	2013 R	2012 R
<b>13 INTANGIBLE ASSETS</b>		
<b>Computer Software</b>		
<b>Net Carrying amount at 1 July</b>	<b>316 517</b>	<b>394 467</b>
Cost	612 079	585 267
Accumulated Amortisation	(295 562)	(190 800)
Additions	-	28 483
Amortisation	(45 483)	(104 762)
Balance Previously Reported		(112 423)
Correction of Error		7 661
Disposals		(1 671)
<b>Net Carrying amount at 30 June</b>	<b>271 034</b>	<b>316 517</b>
Cost	612 079	612 079
Accumulated Amortisation	(341 044)	(295 562)

The following material intangible assets are included in the carrying value above

<u>Description</u>	<u>Remaining Amortisation Period</u>	<b>Carrying Value</b>	
		2013 R	2012 R
Software - Microsoft Office and other	Refer to accounting policy	271 034	316 517

No intangible asset were asessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities

There are no contractual commitments for the acquisition of intangible assets.

	R	R
<b>14 CAPITALISED RESTORATION COST</b>		
<b>Net Carrying amount at 1 July</b>	<b>88 545</b>	<b>130 144</b>
Cost	1 273 227	1 273 227
Accumulated Depreciation	(1 172 794)	(1 143 083)
Balance previously reported	-	
Correction of Error	-	
	(11 888)	(11 302)
Accumulated Impairments	(11 888)	(11 302)
Correction of Error	-	
Depreciation for the year	(17 850)	(29 711)
Balance previously reported	-	
Correction of Error	-	
Impairment	(2 707)	(586)
Balance previously reported		
Correction of Error		
<b>Net Carrying amount at 30 June</b>	<b>67 988</b>	<b>88 545</b>

	Cost	1 273 227	1 273 227
	Accumulated Depreciation	(1 190 644)	(1 172 794)
	Accumulated Impairment	(14 595)	(11 888)
<b>15</b>	<b>NON-CURRENT INVESTMENTS</b>	<b>2013</b>	<b>2012</b>
		<b>R</b>	<b>R</b>
	Fixed Deposits	4 043 791	3 564 511
	<b>Total Non-Current Investments</b>	<b>4 043 791</b>	<b>3 564 511</b>
	Fixed Deposits are investments with a maturity period of more than 12 months and earn interest of 13.46 % per annum.		
	Investments to the value of R3 564 511 are pledged as security for long term liability - Refer to note 2		
	Fixed deposits consist out of the following accounts		
	RMB FIXED DEPOSIT	4 043 791	3 564 511
		<b>4 043 791</b>	<b>3 564 511</b>
	Included in Non-Current investments are balances ring-fenced for the following specific purposes		
	Repayment of long term liabilities	4 043 791	3 564 511
		<b>4 043 791</b>	<b>3 564 511</b>
<b>16</b>	<b>LONG-TERM RECEIVABLES</b>		
	Golf Club	6 309	10 122
		6 309	10 122
	<b>Less:</b> Current portion transferred to current receivables	(4 123)	(3 525)
	Golf Club	(4 123)	(3 525)
	<b>Total Non Current Long Term Receivables</b>	<b>2 186</b>	<b>6 597</b>
<b>17</b>	<b>INVENTORY</b>		
	Consumable Stores - General	816 782	842 220
	Electricity Consumables	-	-
	Correction of error	-	-
	Water on Hand	62 914	-
	<b>Total Inventory</b>	<b>879 696</b>	<b>842 220</b>
<b>18</b>	<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
	Electricity	5 339 550	5 926 535
	Water	7 145 019	4 284 115
	Refuse	7 314 001	12 376 937
	Sewerage	7 804 400	14 809 908
	Housing	133 147	521 633
	Other	7 027 945	5 479 608
	<b>Total Receivables from Exchange Transactions</b>	<b>34 764 062</b>	<b>43 398 736</b>
	Less: Allowance for Doubtful Debts	(21 202 967)	(35 591 107)
	<b>Total Net Receivables from Exchange Transactions</b>	<b>13 561 095</b>	<b>7 807 629</b>
	Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
	Ageing of Receivables from Exchange Transactions:		
	<b>(Electricity): Ageing</b>		
	Current (0 - 30 days)	2 075 992	2 304 209
	31 - 60 Days	130 571	144 925
	61 - 90 Days	307 517	341 322
	+ 90 Days	2 825 471	3 136 079

Total

5 339 550

5 926 535

	2013 R	2012 R
<b>RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)</b>		
<b><u>(Water): Ageing</u></b>		
Current (0 - 30 days)	912 554	547 162
31 - 60 Days	623 561	373 884
61 - 90 Days	1 304 697	782 289
+ 90 Days	4 304 207	2 580 779
<b>Total</b>	<b>7 145 019</b>	<b>4 284 115</b>
<b><u>(Refuse): Ageing</u></b>		
Current (0 - 30 days)	538 610	911 450
31 - 60 Days	195 818	331 367
61 - 90 Days	191 232	323 608
+ 90 Days	6 388 341	10 810 512
<b>Total</b>	<b>7 314 001</b>	<b>12 376 937</b>
<b><u>(Sewerage): Ageing</u></b>		
Current (0 - 30 days)	597 764	1 134 338
31 - 60 Days	218 319	414 289
61 - 90 Days	204 720	388 485
+ 90 Days	6 783 598	12 872 797
<b>Total</b>	<b>7 804 400</b>	<b>14 809 908</b>
<b><u>(Housing): Ageing</u></b>		
Current (0 - 30 days)	4 507	17 657
31 - 60 Days	1 742	6 823
61 - 90 Days	2 142	8 390
+ 90 Days	124 757	488 763
<b>Total</b>	<b>133 147</b>	<b>521 633</b>
<b><u>(Other): Ageing</u></b>		
Current (0 - 30 days)	(444 229)	(346 360)
31 - 60 Days	26 964	21 024
61 - 90 Days	62 164	48 469
+ 90 Days	7 383 046	5 756 476
<b>Total</b>	<b>7 027 945</b>	<b>5 479 608</b>
<b><u>(Total): Ageing</u></b>		
Current (0 - 30 days)	3 685 197	4 568 455
31 - 60 Days	1 196 974	1 292 312
61 - 90 Days	2 072 472	1 892 562
+ 90 Days	27 809 419	35 645 406
<b>Total</b>	<b>34 764 062</b>	<b>43 398 736</b>
<b>Reconciliation of Provision for Bad Debts</b>		
Balance at beginning of year	35 591 107	31 080 332
Contribution to provision/(Reversal of provision)	4 351 458	3 907 545
Write off of bad debts	(17 869 462)	-
Movement in provision for output VAT	(870 136)	603 230
<b>Balance at end of year</b>	<b>21 202 967</b>	<b>35 591 107</b>

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

	2013 R	2012 R
Rates	14 659 311	12 429 673
Other Receivables	1 071 579	988 975
Fuel Deposits	-	-
Eskom Deposits	17 481	17 481
Estimate Consumption	-	-
Payments in advance	-	-
Suspense Debtors	533 052	66 824
Other	521 046	904 670
<b>Total Receivables from Non-Exchange Transactions</b>	<b>15 730 890</b>	<b>13 418 648</b>
Less: Allowance for Doubtful Debts	(10 749 042)	(10 473 067)
<b>Total Net Receivables from Non-Exchange Transactions</b>	<b>4 981 848</b>	<b>2 945 581</b>

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	937 607	794 999
31 - 60 Days	294 173	249 430
61 - 90 Days	274 561	232 801
+ 90 Days	13 152 970	11 152 442
<b>Total</b>	<b>14 659 311</b>	<b>12 429 673</b>

**Reconciliation of Provision for Bad Debts**

Balance at beginning of year	10 473 067	10 804 981
Contribution to provision/(Reversal of provision)	275 975	(331 914)
<b>Balance at end of year</b>	<b>10 749 042</b>	<b>10 473 067</b>

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

20 OPERATING LEASE ARRANGEMENTS

20.1 The Municipality as Lessee (Liability)

<b>Balance on 1 July</b>	15 056	
Movement during the year	7 993	15 056
<b>Balance on 30 June</b>	<b>23 049</b>	<b>15 056</b>

At the Statement of Financial Position date, where the municipality acts as a lessee under operating leases, it will pay operating lease expenditure as follows:

Up to 1 Year	192 864	147 375
1 to 5 Years	156 244	183 150
More than 5 Years	206 914	-
<b>Total Operating Lease Arrangements</b>	<b>556 022</b>	<b>330 525</b>

The lease is in respect of municipal offices. The lease agreement is for 36 months, with an escalation of 10%. The contract has an option to renew or to purchase.

The municipality also has operating leases for office equipment. The original period of the contracts have expired and the machines are rented on a month to month basis

	2013 R	2012 R
<b>20.2 The Municipality as Lessor (Asset)</b>		
<b>Balance on 1 July</b>	-	12 288
Movement during the year	-	(12 288)
<b>Balance on 30 June</b>	-	-

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Minimum rental payments

Up to 1 Year	-	16 083
1 to 5 Years	-	-
More than 5 Years	-	-
<b>Total Operating Lease Arrangements</b>	-	<b>16 083</b>

The municipality leases out properties on a short-term basis without fixed contracts

**21 CASH AND CASH EQUIVALENTS**

Assets

Call Investments Deposits	6 100 827	1 459 460
Bank Accounts	3 305 926	-
Cash on Hand	3 300	3 300
<b>Total Cash and Cash Equivalents - Assets</b>	<b>9 410 053</b>	<b>1 462 760</b>

Liabilities

Primary Bank Account	-	856 424
<b>Total Cash and Cash Equivalents - Liabilities</b>	-	<b>856 424</b>

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The municipality has the following bank accounts:

Current Accounts

Outdshoorn ABSA Bank - Account Number 11-2000-0019 :	3 305 926	(856 424)
Ladismith FNB Bank - Account Number 621-6355-4580 (Traffic Account):	-	-
	<b>3 305 926</b>	<b>(856 424)</b>

**Ladysmith Standard Bank - Account Number 42-054-354-6 (Primary Bank Account)**

Cash book balance at beginning of year	(856 424)	1 050 386
Cash book balance at end of year	3 305 926	(856 424)

Bank statement balance at beginning of year	752 244	154 384
Bank statement balance at end of year	404 754	752 244

**Ladismith FNB Bank - Account Number 527-8273-0231 (Primary Bank Account):**

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-

**Both Primary Bank Accounts are represented by one control account in the General Ledger.(See above)**

Bank statement balance at beginning of year	236 518	386 362
Bank statement balance at end of year	450 562	236 518

**Ladismith FNB Bank - Account Number 621-6355-4580 (Traffic Account):**

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	(235 548)

Bank statement balance at beginning of year	474 333	386 382
Bank statement balance at end of year	4 217	474 333



**Call Investment Deposits**

Call investment deposits consist out of the following accounts:

	2013 R	2012 R
Oudtshoorn ABSA Bank - Account Number 91-1717-7062 (Call Account):	6 090 475	1 449 211
Ladismith FNB Bank - Account Number 621-3204-2988 (Money Market Account):	10 352	10 249
	<u>6 100 827</u>	<u>1 459 460</u>

A guarantee of R20000 in favour of the Department of Minerals and Energy is held by Absa Bank  
A limited cession of ABSA investment number 9117177062 for R20000 to cover guarantee.

22

**PROPERTY TAXES**

**Actual**

**Rateable Land and Buildings**

Residential, Commercial Property, State

Less: Rebates

**Total Assessment Rates**

17 391 797	16 623 796
<u>17 391 797</u>	<u>16 623 796</u>
<u>(8 590 105)</u>	<u>(8 280 774)</u>
<u><b>8 801 692</b></u>	<u><b>8 343 022</b></u>

**Valuations - 1 JULY 2009**

**Rateable Land and Buildings**

Calitzdorp: Land and Buildings

Ladismith: Land and Buildings

Vanwyksdorp: Land and Buildings

Rural: Land and Buildings

Zoar: Land and Buildings

**Total Assessment Rates**

223 783 340	223 074 340
386 127 000	386 100 000
27 010 000	26 595 000
829 265 100	836 227 100
55 478 000	55 211 000
<u><b>1 521 663 440</b></u>	<u><b>1 527 207 440</b></u>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009.  
The following Rebates were applied: 30% of for pensioners, 75% of for agricultural and residential properties with R 40 000 value or less are exempt.

**Rates:**

Ladismith Urban Area

Calitzdorp Urban Area

Van Wyksdorp Urban Area

Zoar urban Area

Business, Commercial and Industrial

Rural Area

	c/R	c/R
	0.009438	0.0089
	0.009438	0.0089
	0.009438	0.0089
	0.009438	0.0089
	0.018876	0.0178
	0.009438	0.0089

Rates are levied annually and monthly. Monthly rates are payable by the 7th of the following month and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

23 GOVERNMENT GRANTS AND SUBSIDIES	2013 R	2012 R
<b>Unconditional Grants</b>	<b>18 989 000</b>	<b>16 840 000</b>
Equitable Share	18 989 000	16 840 000
<b>Conditional Grants</b>	<b>37 203 592</b>	<b>24 721 946</b>
Grants and donations	37 203 592	24 721 946
<b>Total Government Grants and Subsidies</b>	<b>56 192 592</b>	<b>41 561 946</b>
Government Grants and Subsidies - Capital	18 484 981	15 165 329
Government Grants and Subsidies - Operating	37 707 611	26 396 617
	<b>56 192 592</b>	<b>41 561 946</b>

The municipality does not expect any significant changes to the level of grants.

**23.1 Equitable share**

Opening balance	-	-
Grants received	18 989 000	16 840 000
Conditions met - Operating	(18 989 000)	(16 840 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

**23.2 Local Government Financial Management Grant**

Opening balance	(14 464)	8 727
Grants received	1 264 465	1 250 000
Conditions met - Operating	(1 250 000)	(1 273 191)
Conditions still to be met	1	(14 464)

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

**23.3 Municipal Systems Improvement Grant**

Opening balance	(282 842)	(2 802)
Grants received	1 500 000	1 720 000
Conditions met - Operating	(1 500 000)	(2 000 040)
Conditions still to be met	(282 842)	(282 842)

The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.

**23.4 Municipal Infrastructure Grant**

Opening balance	(278 556)	(699 262)
Grants received	11 517 000	9 494 000
Conditions met - Operating	(554 979)	(1 316 665)
Conditions met - Capital	(8 118 836)	(7 756 629)
Grant expenditure to be recovered	2 564 629	(278 556)

The grant was used to upgrade infrastructure in previously disadvantaged areas.

**23.5 Housing**

Opening balance	2 087	2 087
Grants received	13 964 000	6 984 435
Conditions met - Operating	(13 964 000)	-
Conditions met - Capital	-	-
VAT on grants recognised	-	(6 984 435)
Grant expenditure to be recovered	2 087	2 087

Housing grants was utilised for the development of erven and the erection of top structures.

23.6 DME Side Demand Management Meters	2013 R	2012 R
Opening balance	2 577 449	2 842 837
Grants received	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	(265 388)
Conditions still to be met	2 577 449	2 577 449

The National Electrification Grant was used for energy efficiency to reduce electricity demand

23.7 Other Grants	2013 R	2012 R
Opening balance	1 769 395	2 317 891
Grants received	19 634 172	2 365 000
Conditions met - Operating	(1 449 631)	(2 754 619)
Conditions met - Capital	(10 366 146)	(158 877)
Written-off / Transfers	-	-
VAT on grants recognised	-	-
Conditions still to be met	9 587 790	1 769 395

Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)

23.8 Total Grants	2013 R	2012 R
Opening balance	3 302 326	4 469 478
Grants received	66 868 637	40 843 435
Conditions met - Operating	(37 707 611)	(26 845 258)
Conditions met - Capital	(18 484 981)	(15 165 329)
Written-off / Transfers	-	-
VAT on grants recognised	-	-
Conditions still to be met/(Grant expenditure to be recovered)	13 978 371	3 302 326

Disclosed as follows:

Unspent Conditional Government Grants and Receipts	12 840 260	4 753 524
Unpaid Conditional Government Grants and Receipts	(1 115 893)	(1 451 198)
	11 724 367	3 302 326

**24 SERVICE CHARGES**

Electricity	30 847 925	27 509 725
Water	8 261 011	5 288 094
Refuse removal	4 628 148	4 184 444
Sewerage and Sanitation Charges	5 056 452	4 419 439
	48 793 536	41 401 702
Less: Rebates	(3 052 966)	(2 522 442)
<b>Total Service Charges</b>	<b>45 740 570</b>	<b>38 879 260</b>

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

25	OTHER INCOME	2013 R	2012 R
	Advertising	193	1 100
	Building Plans	64 434	48 819
	Cemetery Fees	22 772	21 498
	Circuit breaker charges	8 277	2 219
	Clearance fees	18 287	18 123
	Contribution Electricity	-	-
	Encroachment Fees	16 066	1 436
	Insurance Claims	-	761 386
	Library Grant	1 028 000	956 000
	Other	101 092	4 177
	Photocopies	3 822	4 593
	Refrigeration	3 254	4 899
	Swimming pool fees	14 336	16 513
	Subdivision and Rezoning	18 882	22 158
	Telephone recoveries	64 373	48 181
	Tender Document Fees	-	6 250
	Training Contribution	46 737	120 122
	Valuation Certificates	8 500	8 132
	VAT Recognition Grants	-	-
	<b>Total Other Income</b>	<b>1 419 025</b>	<b>2 045 606</b>
26	<b>EMPLOYEE RELATED COSTS</b>		
	Bargaining Council Levy	10 925	7 635
	Bonus	1 469 973	1 240 074
	Contributions for UIF, pensions and medical aids	4 188 497	3 691 781
	Housing Benefits and Allowances	85 814	95 218
	Provision for Leave	1 135 964	1 514 663
	Overtime	755 396	906 960
	Post Employment Health	235 193	259 108
	Salaries and Wages	20 630 802	18 933 093
	Travel, motor car, telephone, assistance and other allowances	3 049 101	2 730 832
		31 561 665	29 379 364
	<b>Less:</b> Employee Costs allocated elsewhere	-	-
	<b>Total Employee Related Costs</b>	<b>31 561 665</b>	<b>29 379 364</b>
	<b>KEY MANAGEMENT PERSONNEL</b>		
	Municipal Manager is appointed on a 5-year fixed contract and all other Directors are permanent or acting. There are no post-employment or termination benefits payable to them at the end of the contract period.		
	<b>REMUNERATION OF KEY MANAGEMENT PERSONNEL</b>		
	<b>Remuneration of the Municipal Manager</b>		
	Annual Remuneration	913 996	801 990
	Performance Bonus	-	-
	Other Allowances	115	11 600
	Travelling Allowance	150 000	177 177
	Subsistence Allowance	73 847	15 134
	<b>Total</b>	<b>1 137 958</b>	<b>1 005 901</b>
	<b>Remuneration of the Head Financial Services</b>		
	Annual Remuneration	961 440	847 868
	Performance Bonus	-	-
	Other Allowances	309	10 000
	Travelling Allowance	84 000	80 900
	Subsistence Allowance	35 757	4 834
	<b>Total</b>	<b>1 081 506</b>	<b>943 602</b>

	2013 R	2012 R
<b>Remuneration of the Director Community Services</b>		
Annual Remuneration	-	-
Other Allowances	-	-
Car Allowance	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>Remuneration of the Director Technical Services</b>		
Annual Remuneration	-	-
Car Allowance	-	-
<b>Total</b>	<u>-</u>	<u>-</u>
<b>Remuneration of the Head Corporate Services</b>		
Annual Remuneration	640 445	662 902
Performance Bonus	53 237	-
Other Allowances	5 576	10 024
Travelling Allowance	133 086	155 576
Subsistence Allowance	35 969	13 851
<b>Total</b>	<u>868 313</u>	<u>842 352</u>
<b>27 REMUNERATION OF COUNCILLORS</b>		
Remuneration of Councillors		
Mayor	567 090	545 685
Deputy Mayor	462 732	436 531
Speaker	496 531	466 531
Councillors	741 903	654 780
Councillors' Allowances	532 752	100 166
<b>Total Councillors' Remuneration</b>	<u>2 801 007</u>	<u>2 203 693</u>
<b>In-kind Benefits</b>		
The Mayor and Speaker are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Mayor may utilise official Council transportation when engaged in official duties.		
<b>28 DEBT IMPAIRMENT</b>		
Trade Receivables from exchange transactions - Note 18	4 351 458	3 907 545
Trade Receivables from non-exchange transactions - Note 19	275 975	(331 914)
<b>Total Contribution to Debt Impairment</b>	<u>4 627 433</u>	<u>3 575 631</u>
<b>29 DEPRECIATION AND AMORTISATION</b>		
Property Plant and Equipment	8 150 553	8 323 213
Investment Property	42 534	49 376
Capitalised restoration costs	17 850	29 711
Intangible Assets	45 483	104 762
	<u>8 256 420</u>	<u>8 507 061</u>
<b>30 IMPAIRMENTS</b>		
Capitalised restoration costs	2 707	586
	<u>2 707</u>	<u>586</u>
<b>31 FINANCE CHARGES</b>		
Long-term Liabilities	1 378 545	1 358 521
Payables from exchange transactions	1 129 655	1 008 957
Balance as per previous financial statements		982 296
Correction of Error		26 661
Long service awards	65 742	64 349
Post Employment Health	468 052	464 476
<b>Total finance charges</b>	<u>3 041 994</u>	<u>2 896 303</u>
<b>32 BULK PURCHASES</b>		
Electricity	22 171 963	21 702 741
Balance as per previous financial statements		19 755 226
Correction of Error		1 947 515

Water	470 497	623 385
<b>Total Bulk Purchases</b>	<b>22 642 460</b>	<b>22 326 126</b>

33

	2013 R	2012 R
<b>GENERAL EXPENSES</b>		
Advertisement	35 311	196 641
Audit Fees	1 887 943	1 270 533
Bank Charges	160 818	148 649
Books, Magazines & Publication	8 899	7 212
Cash Shortages	-	-
Chemicals	230 840	270 139
Cleaning	73 625	50 819
Collaborator Licence	337 376	14 605
Commission - Vendors	162 628	93 319
Consultancy	-	15 000
Computer software licenses	144 095	67 988
Deeds registration fees	33 687	39 327
Delegation cost	-	-
Discretionary fund	-	229 714
Donations / upliftment	61 378	94 099
Employee Recruitment Expense	-	34 438
Entertainment	47 590	61 721
Fruitless and wasteful expenditure	12 260	736
Fuel and Oil	894 419	822 323
Insurance	312 875	298 642
Lease Payments	435 905	395 838
Legal Expenses	1 617 135	1 135 260
Local Economic Development	40	153 341
Licences	124 656	107 136
Landfill-sites	218 312	229 690
Material & Stores	329	10 248
Medical Expenses	10 700	17 340
Other	1 053 446	133 637
Pauper Burials	-	9 390
Postage	341 869	342 766
Printing and Stationary	363 136	287 739
Programs: NCR	337 392	301 442
Refreshments	50 413	24 046
Refuse Bags	112 862	121 569
SDBIP Expenses	14 570	-
Special projects: Youth	-	114 471
Strategic Sessions	438 100	1 700 430
Street lighting: Eskom	157 802	94 100
Study loans and bursaries	-	107 714
Subdivision costs	-	16 595
Subscriptions	687 701	488 802
Substance Abuse Study	-	175 439
Telephone	727 458	804 672
Test of Samples	63 125	27 500
Test Station Service	6 030	-
Toolbox Items	511	-
Tourism and other events	395 263	177 200
Training	55 739	55 015
Training Expenses	-	-
Travelling and Subsistence	931 372	694 343
Uniforms	65 414	5 890
Internal Charges	-	-
Internal Recoveries	-	-
General Expenses	<b>12 613 024</b>	<b>11 447 518</b>

	2012 R	2011 R
<b>34 Loss on Derecognition of Assets</b>		
Loose assets not found during asset count		
<b>Cost</b>	122 352	437 135
<b>Accumulated depreciation</b>	(64 778)	(253 611)
<b>Proceeds of disposal</b>		
<b>Net loss</b>	57 574	183 524
Infrastructure assets not found during asset count		
<b>Cost</b>	2 163 972	-
<b>Accumulated depreciation</b>	(392 737)	-
<b>Proceeds of disposal</b>		
<b>Net loss</b>	1 771 235	-
Assets destroyed in fire at supply chain office		
<b>Cost</b>	463 502	-
<b>Accumulated depreciation</b>	(212 849)	-
<b>Proceeds of disposal</b>		
<b>Net loss</b>	250 653	-
<b>As per GRAP 17 the insurance claim received for the loss is shown under income</b>		
<b>Total</b>	<b>2 079 463</b>	<b>183 524</b>

**35 CORRECTION OF ERROR / RECLASSIFICATION / CHANGE IN ACCOUNTING POLICY**

**35.1 Detailed narratives of correction of error**

General debtors corrections

<b>Correcting transaction</b>	Debit	Credit
Service Charges	-	2 896 202
Receivables from exchange transactions	2 896 202	-

Bulk Purchases correction

The bulk electricity usage for one customer was only posted in July 2011

<b>Correcting transaction</b>	Debit	Credit
Bulk Purchases	-	1 947 515
Finance Charges	-	26 661
PAYABLES	1 974 176	-

Hefcom lease asset incorrectly classified

Expenses were posted to normal expense votes and not claimed against the CDW grant  
The revenue was not recognised in prior years

<b>Correcting transaction</b>	Debit	Credit
General Expenses	101 640	-
Depreciation and Amortisation	-	96 250
Finance Charges	-	6 672
PAYABLES	-	1 282

Unused prepaid electricity

The provision for unused prepaid electricity was posted to inventory and not payables

<b>Correcting transaction</b>	Debit	Credit
Service Charges	-	-
Inventory	-	-
Bulk purchases	-	-

Payables - -

Electricity consumables transferred

The electrical consumable store was combined with water consumable store to create one general store

**Correcting transaction** Debit Credit

Inventory - -  
Accumulated Surplus/(Deficit) - -

Adjustment to landfill provision

Due to an incorrect estimation of the estimated life times of the landfill sites an adjustment was made

**Correcting transaction** Debit Credit

Non-Current Provisions - -  
Accumulated Surplus/(Deficit) - -  
Capitalised restoration costs - -  
Depreciation and Amortisation - -  
Impairments - -  
Finance Charges - -

Adjustment to short-term portion of landfill provision

Some of the landfill sites have reached the end of their useful lives and have been transferred to short term

**Correcting transaction** Debit Credit

Non-Current Provisions - -  
Provisions - -

Actuarial report adjustments

There was a small change between the draft and final report of the actuaries

**Correcting transaction** Debit Credit

Employee related costs - -  
Actuarial losses - -

Vat not claimed

Input VAT was not claimed on certain transactions

**Correcting transaction** Debit Credit

Taxes - -  
General Expenses - -  
Repairs and maintenance - -

Penalty and interest on late payment of VAT

The municipality made certain VAT payment late

**Correcting transaction** Debit Credit

Taxes - -  
Finance Charges - -

Sewerage raised at wrong tariffs

Sewerage for businesses were raised on residential tariffs

**Correcting transaction** Debit Credit

Service Charges - -  
Accumulated Surplus/(Deficit) - -  
Receivables from exchange transactions - -



Estimate of traffic fines

Estimate of traffic fines outstanding at 30 June 2011 that will be paid

<b>Correcting transaction</b>	Debit	Credit
Fines	-	-
Receivables from non-exchange transactions	-	-

Output VAT raised on traffic fines

Output VAT was incorrectly raised on traffic fines

<b>Correcting transaction</b>	Debit	Credit
Fines	-	-
Taxes	-	-

Grant expenditure incorrectly capitalised

Fees paid for an awareness campaign was incorrectly capitalised

<b>Correcting transaction</b>	Debit	Credit
Property, Plant and Equipment	-	-
Operating Grant Expenditure	-	-

Impairment on land used for housing project

Land was used for housing project and municipality only own remainder

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	-

Service charges raised in wrong period

Services charges relating to the 2010 financial year were raised in the 2011 financial year

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)	-	-
Service Charges	-	-

Grant expenditure not recoverable

Expenditure incurred on grant not recoverable from grant provider expensed

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)	-	-
Unpaid Conditional Government Grants and Receipts	-	-

Land incorrectly included in asset register

Land not owned by the municipality incorrectly included in the asset register

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	-

Grant expenditure expensed on old grants

Expenses written off on old grants without reporting requirements

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)		-
Unspent Conditional Government Grants and Receipts		-

Grant income recognised on old grants

Income recognised on old grants without reporting requirements

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)		-
Unspent Conditional Government Grants and Receipts		-

Fines and penalties on PAYE,SDL and UIF

Fines and penalties on late payment of PAYE, SDL and UIF

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)		-
Finance Charges		-
Payables		-

Incorrect Charges for Sewerage

Incorrect charges levied for sewerage

<b>Correcting transaction</b>	Debit	Credit
Service Charges		-
Receivables from exchange transactions		-

Tariff correction in wrong period

Customer were charged wrong tariff in 2010 financial year, corrected in 2011 financial year

<b>Correcting transaction</b>	Debit	Credit
Service Charges		-
Accumulated Surplus/(Deficit)		-

Correction of VAT on Impairment of Trade Receivables

There was no provision made for VAT on long outstanding debtors.

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)		-
Taxes		-
Debt Impairment		-

Provision for bad debts on output vat for 2010 and 2011 duplicated

The prior correction for output VAT provision on bad debts included both 2010 and 2011 which was corrected in 2011 financial statements

<b>Correcting transaction</b>	Debit	Credit
Accumulated Surplus/(Deficit)		-
Taxes		-
Debt Impairment		-

Property not in name of municipality removed

During the comparison of the deed search with the land and buildings as per fixed asset register, property in the fixed asset register was found that was not in the name of the municipality

**Correcting transaction**

Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	-

Property not previously recognised

During the comparison of the deed search with the land and buildings as per fixed asset register property in the fixed asset register was found on the deed search in the name of the municipality that was not on the asset register

**Correcting transaction**

Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	-

Loose assets not previously recognised

Loose assets were found during the asset count that was previously not recognised

**Correcting transaction**

Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	-

Demand side project moved to repairs and maintenance

Due to inability to determine the accurate cost of the project the assets were expensed

**Correcting transaction**

Accumulated Surplus/(Deficit)	-	-
Property, Plant and Equipment	-	4 295 236
Repairs and maintenance	4 295 236	-

Demand side creditor reversed

A creditor that was unpaid as at 30 June 2012 and raised a credit note for invoices issued during the 2010/2011 year was reversed

**Correcting transaction**

Property, Plant and Equipment	-	-
Payables	-	-

Impairment should have been written off

Assets missing from the asset count was impaired in 2011. The assets should have been derecognised

**Correcting transaction**

Loss on DE recognition of Assets	-	-
Property, Plant and Equipment	-	-

Depreciation recalculated

Due to errors noted during audit, the entire depreciation for current and prior years were recalculated

**Correcting transaction**

Accumulated Surplus/(Deficit)		-
Property, Plant and Equipment	945 604	-
Investment Property	-	-
Intangible Assets	7 661	-
Depreciation and Amortisation	-	953 266

Correction on service charges adjusted in wrong period

Corrections on debtors accounts made in the 2012 year should have been made in the 2011 year

**Correcting transaction**

Service Charges	-	-
Receivables from exchange transactions	-	-

Payments in advance included in age analysis not in general ledger

Difference between general ledger payments in advance and age analysis

**Correcting transaction**

Payables	-	-
Receivables from exchange transactions	-	-

Payments posted on cash book not actually paid

Payments showing on cash book as paid, but actual payment only made after year end

**Correcting transaction**

Payables	-	-
Cash and Cash Equivalents	-	-

Investment property incorrectly classified

Investment property incorrectly shown as property plant and equipment

**Correcting transaction**

Property, Plant and Equipment	-	-
Investment Property	-	-

	Type	2012 R	2011 R
<b>35.2</b> <u>Accumulated Surplus/(Deficit)</u>			
Balance as per previous financial statements		184 321 487	179 115 398
Correction CDW Grant	Correction of error	-	-
Electricity consumables transferred	Correction of error	-	-
Adjustment to landfill provision	Correction of error	-	-
Impairment on land used for housing project	Correction of error	-	-
Service charges raised in wrong period	Correction of error	-	-
Sewerage raised at wrong tariffs	Correction of error	-	-
Grant expenditure not recoverable	Correction of error	-	-
Land incorrectly included in asset register	Correction of error	-	-
Grant expenditure expensed on old grants	Correction of error	-	-
Grant income recognised on old grants	Correction of error	-	-
Fines and penalties on PAYE,SDL and UIF	Correction of error	-	-
Tariff correction in wrong period	Correction of error	-	-
Correction of allocation between grant income and expenses	Correction of error	-	-
Correction of VAT on Impairment of Trade Receivables	Correction of error	-	-
Provision for bad debts on output vat for 2010 and 2011 duplicated	Correction of error	-	-
Property not in name of municipality removed	Correction of error	-	-
Loose assets not previously recognised	Correction of error	-	-
Property not previously recognised	Correction of error	-	-
Demand side project moved to repairs and maintenance	Correction of error	-	-
Depreciation recalculated	Correction of error	-	-
Depreciation recalculated	Correction of error	-	-
Movement in statement of financial performance	Correction of error	(2 421 227)	-
Restated balance		<u>181 900 260</u>	<u>179 115 398</u>
<b>35.3</b> <u>Non-Current Provisions</u>			
Balance as per previous financial statements		1 934 100	1 701 771
Adjustment to landfill provision	Correction of error	-	-
Adjustment to landfill provision	Correction of error	-	-
Adjustment to short-term portion of landfill provision	Correction of error	-	-
Restated balance		<u>1 934 100</u>	<u>1 701 771</u>
<b>35.4</b> <u>Provisions</u>			
Balance as per previous financial statements		2 889 390	2 892 029
Adjustment to short-term portion of landfill provision	Correction of error	-	-
Restated balance		<u>2 889 390</u>	<u>2 892 029</u>
<b>35.5</b> <u>Payables</u>			
Balance as per previous financial statements		22 020 731	11 306 480
Bulk Purchases correction	Correction of error	1 974 176	-
Hefcom lease asset incorrectly classified	Correction of error	1 282	-
Fines and penalties on PAYE,SDL and UIF	Correction of error	-	-
Fines and penalties on PAYE,SDL and UIF	Correction of error	-	-
Payments in advance included in age analysis not in general ledger	Correction of error	-	-
Payments posted on cash book not actually paid	Correction of error	-	-
Ladismith Traffic Bank Account transferred to payables	Reclassification	-	-
Sundry debtors shown as payables	Reclassification	-	-
Restated balance		<u>23 996 189</u>	<u>11 306 480</u>
<b>35.6</b> <u>Unspent Conditional Government Grants and Receipts</u>			
Balance as per previous financial statements		4 753 525	5 171 543
Correction CDW Grant	Correction of error	-	-
Correction CDW Grant	Correction of error	-	-
Grant expenditure expensed on old grants	Correction of error	-	-
Grant income recognised on old grants	Correction of error	-	-
Restated balance		<u>4 753 525</u>	<u>5 171 543</u>

	2012 R	2011 R
<b>35.7</b> <u>Taxes</u>		
Balance as per previous financial statements	1 229 680	337 961
Penalty and interest on late payment of VAT	-	-
VAT not claimed	-	-
Output VAT raised on traffic fines	-	-
Correction of VAT on Impairment of Trade Receivables	-	-
Correction of VAT on Impairment of Trade Receivables	-	-
Provision for bad debts on output vat for 2010 and 2011 duplicated	-	-
Provision for bad debts on output vat for 2010 and 2011 duplicated	-	-
Restated balance	<u>1 229 680</u>	<u>337 961</u>
<b>35.8</b> <u>Property, Plant and Equipment</u>		
Balance as per previous financial statements	219 587 513	213 222 343
Grant expenditure incorrectly capitalised	-	-
Impairment on land used for housing project	-	-
Land incorrectly included in asset register	-	-
Property not in name of municipality removed	-	-
Loose assets not previously recognised	-	-
Property not previously recognised	-	-
Demand side project moved to repairs and maintenance	-	-
Demand side project moved to repairs and maintenance	(4 295 236)	-
Demand side creditor reversed	-	-
Investment property incorrectly classified	-	-
Impairment should have been written off	-	-
Depreciation recalculated	-	-
Depreciation recalculated	945 604	-
Restated balance	<u>216 237 882</u>	<u>213 222 343</u>
<b>35.9</b> <u>Investment Property</u>	R	R
Balance as per previous financial statements	1 599 059	1 648 435
Investment property incorrectly classified	-	-
Depreciation recalculated	-	-
Depreciation recalculated	-	-
Restated balance	<u>1 599 059</u>	<u>1 648 435</u>
<b>35.10</b> <u>Intangible Assets</u>		
Balance as per previous financial statements	308 856	394 467
Depreciation recalculated	-	-
Depreciation recalculated	7 661	-
Restated balance	<u>316 517</u>	<u>394 467</u>
<b>35.11</b> <u>Capitalised restoration costs</u>		
Balance as per previous financial statements	88 545	118 842
Adjustment to landfill provision	-	-
Restated balance	<u>88 545</u>	<u>118 842</u>
<b>35.12</b> <u>Inventory</u>		
Balance as per previous financial statements	842 220	741 431
Unused prepaid electricity	-	-
Electricity consumables transferred	-	-
Restated balance	<u>842 220</u>	<u>741 431</u>

		2012 R	2011 R
<b>35.13</b>	<u>Receivables from exchange transactions</u>		
	Balance as per previous financial statements	4 911 427	3 810 877
	General debtors corrections	2 896 202	-
	Bulk Electricity usage for June 2011	-	-
	Sewerage raised at wrong tariffs	-	-
	Sewerage raised at wrong tariffs	-	-
	Incorrect Charges for Sewerage	-	-
	Payments in advance included in age analysis not in general ledger	-	-
	Debtors with credit balances duplicated	-	-
	Restated balance	<u>7 807 629</u>	<u>3 810 877</u>
<b>35.14</b>	<u>Receivables from non-exchange transactions</u>		
	Balance as per previous financial statements	2 802 696	1 013 640
	Debtors with credit balances duplicated	-	-
	Estimate of traffic fines	-	-
	Restated balance	<u>2 802 696</u>	<u>1 013 640</u>
<b>35.15</b>	<u>Cash and Cash Equivalents</u>		
	Balance as per previous financial statements	1 462 760	1 464 650
	Payments posted on cash book not actually paid	-	-
	Ladismith Traffic bank account transferred to payables	-	-
	Restated balance	<u>1 462 760</u>	<u>1 464 650</u>
<b>35.16</b>	<u>Unpaid Conditional Government Grants and Receipts</u>		
	Balance as per previous financial statements	1 451 198	702 064
	Grant expenditure not recoverable	-	-
	Restated balance	<u>1 451 198</u>	<u>702 064</u>
	<b>Statement of financial performance</b>		
<b>35.17</b>	<u>Service Charges</u>	2012 R	
	Balance as per previous financial statements	35 983 058	
	General debtors corrections	2 896 202	
	Bulk Electricity usage for June 2011	-	
	Unused prepaid electricity	-	
	Sewerage raised at wrong tariffs	-	
	Service charges raised in wrong period	-	
	Incorrect Charges for Sewerage	-	
	Tariff correction in wrong period	-	
	Correction on service charges adjusted in wrong period	-	
	Restated balance	<u>38 879 260</u>	
<b>35.18</b>	<u>Government Grants and Subsidies - Operating</u>		
	Balance as per previous financial statements	25 650 751	
	Correction CDW Grant	-	
	Correction of allocation between grant income and expenses	-	
	Restated balance	<u>25 650 751</u>	
<b>35.19</b>	<u>Fines</u>		
	Balance as per previous financial statements	1 051 300	
	Estimate of traffic fines	-	
	Output VAT raised on traffic fines	-	
	Restated balance	<u>1 051 300</u>	

	2012 R
<b>35.20</b> <u>Employee related costs</u>	
Balance as per previous financial statements	29 379 364
Provision for staff leave included in operating grant expenditure	
Actuarial report adjustments	<b>Reclassification</b>
Restated balance	<b>Correction of error</b> -
	<u>29 379 364</u>
<b>35.21</b> <u>Debt Impairment</u>	
Balance as per previous financial statements	3 907 545
Correction of VAT on Impairment of Trade Receivables	<b>Correction of error</b>
Provision for bad debts on output vat for 2010 and 2011 duplicated	<b>Correction of error</b>
Restated balance	-
	<u>3 907 545</u>
<b>35.22</b> <u>Depreciation and Amortisation</u>	
Balance as per previous financial statements	9 364 077
Hefcom lease asset incorrectly classified	<b>Correction of error</b>
Depreciation recalculated	96 250
Adjustment to landfill provision	<b>Correction of error</b>
Restated balance	(953 266)
	<b>Correction of error</b>
	-
	<u>8 507 061</u>
<b>35.23</b> <u>Impairments</u>	
Balance as per previous financial statements	586
Adjustment to landfill provision	<b>Correction of error</b>
Restated balance	-
	<u>586</u>
<b>35.24</b> <u>Repairs and maintenance</u>	
Balance as per previous financial statements	1 779 701
VAT not claimed	<b>Correction of error</b>
Demand side project moved to repairs and maintenance	<b>Correction of error</b>
Provision for staff leave included in operating grant expenditure	-
Restated balance	4 295 236
	<u>6 074 937</u>
<b>35.25</b> <u>Actuarial losses</u>	
Balance as per previous financial statements	46 136
Actuarial report adjustments	<b>Correction of error</b>
Restated balance	-
	<u>46 136</u>
<b>35.26</b> <u>Finance Charges</u>	
Balance as per previous financial statements	2 862 970
Bulk Purchases correction	<b>Correction of error</b>
Hefcom lease asset incorrectly classified	26 661
Fines and penalties on PAYE,SDL and UIF	<b>Correction of error</b>
Restated balance	6 672
	<b>Correction of error</b>
	-
	<u>2 896 304</u>
<b>35.27</b> <u>Operating Grant Expenditure</u>	
Balance as per previous financial statements	9 368 877
Correction of allocation between grant income and expenses	<b>Correction of error</b>
Incorrect classification depreciation / grant expenditure	-
Grant expenditure incorrectly capitalised	<b>Correction of error</b>
Provision for staff leave included in operating grant expenditure	<b>Correction of error</b>
Restated balance	<b>Reclassification</b>
	-
	<u>9 368 877</u>



		2012 R
<b>35.28</b>	<u>General Expenses</u>	
	Balance as per previous financial statements	11 549 158
	Hefcom lease asset incorrectly classified <b>Correction of error</b>	(101 640)
	Restated balance	<u>11 447 518</u>
<b>35.29</b>	<u>Bulk Purchases</u>	
	Balance as per previous financial statements	20 378 611
	Bulk Purchases correction <b>Correction of error</b>	1 947 515
	Restated balance	<u>22 326 126</u>
<b>35.30</b>	<u>Loss on DE recognition of Assets</u>	
	Balance as per previous financial statements	2 079 463
	Impairment should have been written off <b>Correction of error</b>	-
	Restated balance	<u>2 079 463</u>

	2013 R	2012 R
<b>36</b>	<b>RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS</b>	
	6 684 726	2 784 865
	<b>Adjustments for:</b>	
	-	(2 421 227)
	8 210 937	8 402 300
	45 483	104 762
	4 627 433	3 907 545
	1 451 696	2 113 394
	2 707	586
	-	5 500
	7 993	15 056
	21 030 975	14 912 781
	7 819 985	1 066 385
	15 645 503	12 832 594
	218 312	229 690
	8 086 736	(418 019)
	(4 011 229)	(891 719)
	(37 476)	(100 789)
	(12 417 166)	(9 836 238)
	335 305	(749 134)
	<u>28 850 960</u>	<u>15 979 166</u>
<b>37</b>	<b>CASH AND CASH EQUIVALENTS</b>	
	Cash and cash equivalents included in the cash flow statement comprise the following:	
	6 100 827	1 459 460
	3 300	3 300
	3 305 926	-
	-	(856 424)
	<u>9 410 053</u>	<u>606 336</u>

38 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES	2013 R	2012 R
Cash and Cash Equivalents - Note 37	9 410 053	606 336
Investments - Note 15	4 043 791	3 564 511
	<u>13 453 844</u>	<u>4 170 847</u>
Less:	12 840 260	4 753 524
Unspent Committed Conditional Grants - Note 9	12 840 260	4 753 524
VAT - Note 10	-	-
<b>Resources available for working capital requirements</b>	<b>613 584</b>	<b>(582 677)</b>
<b>Allocated to:</b>		
Repayment of long-term liabilities	-	-
<b>Resources available for working capital requirements</b>	<u><u>613 584</u></u>	<u><u>(582 677)</u></u>

39 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2013 R	2012 R
Long-term Liabilities - Note 2	11 280 845	10 218 934
Used to finance property, plant and equipment - at cost	(11 280 845)	(10 218 934)
	-	-
Cash set aside for the repayment of long-term liabilities	4 043 791	3 564 511
<b>Cash invested for repayment of long-term liabilities</b>	<u><u>4 043 791</u></u>	<u><u>3 564 511</u></u>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

40 BUDGET COMPARISONS	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
<b>40.1 Operational</b>				
<b>Revenue by source</b>				
Property taxes	8 801 692	8 975 590	(173 898)	-1.94%
Government Grants and Subsidies - Capital	18 484 981	18 484 981	-	0.00%
Government Grants and Subsidies - Operating	37 707 611	35 559 274	2 148 337	6.04%
Public Contributions and Donations	45 000	10 000	35 000	350.00%
Fines	604 508	1 521 240	(916 732)	-60.26%
Service Charges	45 740 570	50 455 860	(4 715 290)	-9.35%
Rental of Facilities and Equipment	245 186	269 880	(24 694)	-9.15%
Interest Earned - external investments	997 115	255 530	741 585	290.21%
Interest Earned - outstanding debtors	1 621 573	625 000	996 573	159.45%
Licences and Permits	109 513	152 630	(43 117)	-28.25%
Income for Agency Services	585 053	544 260	40 793	7.50%
Other Income	1 419 025	1 565 097	(146 072)	-9.33%
Debt Impairment	-	-	-	0.00%
Gain on disposal of Property, Plant and Equipment	-	-	-	0.00%
	<u>116 361 827</u>	<u>118 419 342</u>	<u>(2 057 515)</u>	<u>-1.74%</u>
<b>Expenditure by nature</b>				
Employee Related Costs	31 561 665	28 189 272	(3 372 393)	11.96%
Collection costs	-	-	-	0.00%
Remuneration of Councillors	2 801 007	2 446 040	(354 967)	14.51%
Debt Impairment	4 627 433	2 731 250	(1 896 183)	69.43%
Depreciation and Amortisation	8 256 420	8 334 960	78 540	-0.94%
Impairments	2 707	-	(2 707)	-100.00%
Repairs and Maintenance	1 660 298	4 465 335	2 805 037	-62.82%
Actuarial losses	-	-	-	0.00%
Stock Adjustments	1	-	(1)	-100.00%
Finance Charges	3 041 994	1 244 570	(1 797 424)	144.42%
Unamortised Discount - Interest Paid	-	-	-	0.00%
Bulk Purchases	22 642 460	22 213 860	(428 600)	1.93%
Contracted Services	4 217 466	4 341 168	123 702	-2.85%
Operating Grant Expenditure	18 738 191	-	(18 738 191)	-100.00%
General Expenses	12 613 024	12 467 620	(145 404)	1.17%
Loss on disposal of Property, Plant and Equipment	46 294	-	(46 294)	-100.00%
Fair Value Adjustments	-	-	-	0.00%
	<u>110 208 960</u>	<u>86 434 075</u>	<u>(23 774 885)</u>	<u>27.51%</u>
<b>Net Surplus for the year</b>	<u><u>6 152 867</u></u>	<u><u>31 985 267</u></u>	<u><u>(25 832 400)</u></u>	<u>-80.76%</u>

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
<b>40.2 Operational Budget by Standard Classification</b>				
<b>Revenue - Standard</b>				
Governance and Administration				
Executive and council	17 524 113	20 663 255	3 139 142	-15.19%
Budget and Treasury Office	1 180 525	3 154 060	1 973 535	-62.57%
Corporate Services	16 583 988	13 357 000	(3 226 988)	24.16%
Community and Public Safety				
Community and Social Services	1 349 484	12 464 760	11 115 276	-89.17%
Sport and Recreation	14 336	15 750	1 414	-8.98%
Public Safety	1 294 068	2 212 070	918 002	-41.50%
Housing	-	-	-	0.00%
Health	-	-	-	0.00%
Economic and Environmental Services				
Planning and Development	575 800	-	(575 800)	-100.00%
Road Transport	1 935 674	37 000	(1 898 674)	5131.55%
Environmental Protection	-	-	-	0.00%
Trading Services				
Electricity	37 382 417	38 384 287	1 001 870	-2.61%
Water	13 186 256	10 274 870	(2 911 386)	28.34%
Waste Water Management	12 126 739	9 247 770	(2 878 969)	31.13%
Waste Management	6 534 071	8 727 860	2 193 789	-25.14%
Other				
Airport	(1)	-	1	-100.00%
<b>Total Revenue</b>	<b>109 687 471</b>	<b>118 538 682</b>	<b>8 851 211</b>	<b>-7.47%</b>
<b>Expenditure - Standard</b>				
Governance and Administration				
Executive and council	28 571 194	25 861 392	(2 709 802)	10.48%
Budget and Treasury Office	16 942 127	13 241 609	(3 700 518)	27.95%
Corporate Services	9 951 285	7 088 600	(2 862 685)	40.38%
Community and Public Safety				
Community and Social Services	5 808 211	7 972 122	2 163 911	-27.14%
Sport and Recreation	357 554	858 588	501 034	-58.36%
Public Safety	2 139 727	1 902 719	(237 008)	12.46%
Economic and Environmental Services				
Planning and Development	535 581	-	(535 581)	-100.00%
Road Transport	(1 935 674)	37 000	1 972 674	-5331.55%
Trading Services				
Electricity	26 364 657	26 509 504	144 847	-0.55%
Water	3 568 556	6 996 720	3 428 164	-49.00%
Waste Water Management	4 514 624	4 582 884	68 260	-1.49%
Waste Management	3 075 319	2 609 026	(466 293)	17.87%
Other				
Airport	(1)	-	1	-100.00%
<b>Total Expenditure</b>	<b>99 893 160</b>	<b>97 660 164</b>	<b>(2 232 996)</b>	<b>2.29%</b>
<b>Surplus/(Deficit) for the year</b>	<b>9 794 311</b>	<b>20 878 518</b>	<b>11 084 207</b>	<b>-53.09%</b>

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
<b>40.3 Capital expenditure by vote</b>				
<b>Expenditure - Standard</b>				
Governance and Administration				
Executive and council	11 119	10 920	(199)	1.82%
Budget and Treasury Office	28 112	250 000	221 888	-88.76%
Corporate Services	66 086	333 200	267 114	-80.17%
Community and Public Safety				
Community and Social Services	10 800	-	(10 800)	-100.00%
Sport and Recreation	238 173	250 000	11 827	-4.73%
Public Safety	7 705	-	(7 705)	-100.00%
Housing	-	-	-	0.00%
Health	-	-	-	0.00%
Economic and Environmental Services				
Planning and Development	-	-	-	0.00%
Road Transport	5 017 125	5 274 000	256 875	-4.87%
Environmental Protection	-	-	-	0.00%
Trading Services				
Electricity	5 334 346	5 015 417	(318 929)	6.36%
Water	80 000	10 000	(70 000)	700.00%
Waste Water Management	673 185	-	(673 185)	-100.00%
Waste Management	-	-	-	0.00%
Other				
Airport	-	-	-	0.00%
	-	-	-	-
<b>Total Expenditure</b>	<b>11 466 651</b>	<b>11 143 537</b>	<b>(323 114)</b>	<b>(0.03)</b>

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

**41.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure:

Opening balance	41 761 311	19 614 967
Unauthorised expenditure current year - capital	1 080 818	11 466 651
Unauthorised expenditure current year - operating	10 511 888	10 679 693
Unauthorised expenditure awaiting authorisation	<b>53 354 017</b>	<b>41 761 311</b>

Unauthorised expenditure on operating votes is mainly due to provisional amounts recognised for depreciation and amortisation

Incident	Disciplinary steps/criminal proceedings
Over expenditure on votes	None

**41.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	2 796 668	2 243 910
Fruitless and wasteful expenditure current year	852 541	552 758
Fruitless and wasteful expenditure awaiting further action	<b>3 649 209</b>	<b>2 796 668</b>

**Fruitless and wasteful expenditure consists of:**

Fruitless and Wasteful Expenditure - Finance Cost on ABSA Loan	1 175 518	1 175 518
A claim arose from the appointment of Tuiniqua Consulting Engineers for the design	301 575	301 575
Fruitless and Wasteful Expenditure - Finance Cost and Penalties on VAT, PAYE and UIF	1 573 132	1 212 596
Expenses for SCOPA investigations	19 129	19 129
Interest on late payment of creditors	361 127	87 850
Interest on Compensation Fund	218 728	-
	<b>3 649 209</b>	<b>2 796 668</b>

Incident	Disciplinary steps/criminal proceedings
Interest and penalties on SARS payments	Under investigation
Interest on late payment of creditors	Under investigation

	2013 R	2012 R
<b>41.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	-	-
Irregular expenditure current year	1 966 283	-
Irregular expenditure awaiting further action	<b>1 966 283</b>	-

**Irregular expenditure consists of:**

Award made to person in service of state	100 000	-
Suppliers not on prospective supplier listing	1 061 138	-
Validity of deviations	265 105	-
No Tax Clearance Certificates	126 547	-
No conflict of interest completed by supplier	102 108	-
No specifications committee	311 386	-
	<b>1 966 283</b>	-

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
<i>Award made to person in service of state</i>	<i>Under investigation</i>
<i>Suppliers not on prospective supplier listing</i>	<i>Under investigation</i>
<i>Validity of deviations</i>	<i>Under investigation</i>
<i>No Tax Clearance Certificates</i>	<i>Under investigation</i>
<i>No conflict of interest completed by supplier</i>	<i>Under investigation</i>
<i>No specifications committee</i>	<i>Under investigation</i>

**41.4 Material Losses**

**Water distribution losses**

Due to lack of information it was not possible to determine the water distribution losses during 2012

The municipality lost revenue and also failed to quantify the water losses on the Zoar region as a result of inadequate meter management

Distribution loss (Rand Value) 1 616 360

**Electricity distribution losses**

- Units purchased (Kwh)	33 405 156	31 158 112
- Units lost during distribution (Kwh)	6 505 358	5 707 292
- Percentage lost during distribution	19.47%	18.32%
Distribution loss (Rand Value)	5 204 286	3 810 203

**Water distribution losses**

- Units purchased (Kwh)	1 271 621	-
- Units lost during distribution (Kwh)	281 106	-
- Percentage lost during distribution	22%	-
Distribution loss (Rand Value)	1 616 360	-

**41.5 Supply chain deviations**

Emergency	401 598	401 598
Sole supplier	1 085 649	1 085 649
Impractical to follow procedures	12 580	12 580
Other	1 513 730	1 513 730
Total	<b>3 013 557</b>	<b>3 013 557</b>

**42 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**42.1 Contributions to organised local government - [MFMA 125 (1)(c)] - SALGA CONTRIBUTIONS**

Opening balance	0	29 265
Council subscriptions	466 409	123 134
Amount paid - current year	-	(152 399)
<b>Balance unpaid (included in creditors)</b>	<b>466 410</b>	<b>0</b>

**42.2 Audit fees - [MFMA 125 (1)(c)]**

Opening balance		-
Audit fees	1 233 898	1 200 589
Amount paid - current year	-	1 200 589
<b>Balance unpaid (included in creditors)</b>	<b>1 233 898</b>	<b>-</b>

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

**42.3 VAT - [MFMA 125 (1)(c)]**

Opening balance	315 750	544 103
VAT refunds claimed from SARS	1 303 344	1 208 010
VAT due to SARS	(204 123)	(418 387)
Paid	204123	673 896
Received	(1 047 203)	(1 631 034)
Penalties and interest	-	(60 839)

**Closing balance - Receivable** **571 890**                      **315 750**

Vat in suspense due to cash basis of accounting		
Input VAT	(3 881 451)	(6 050 875)
Output VAT	3 716 597	4 834 726
Receivable	(164 854)	(1 216 149)

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.

**42.4 PAYE, SDL and UIF - [MFMA 125 (1)(c)]**

Opening balance	2 670 481	2 354 896
Current year payroll deductions and Council Contributions	4 104 199	3 692 593
Amount paid - current year	(4 114 064)	(3 377 008)
<b>Balance unpaid (included in creditors)</b>	<b>2 660 616</b>	<b>2 670 481</b>

**42.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(c)]**

Opening balance	17 984	302 270
Current year payroll deductions and Council Contributions	5 488 022	5 128 901
Amount paid - current year	(5 486 492)	(5 413 186)
<b>Balance unpaid (included in creditors)</b>	<b>19 514</b>	<b>17 984</b>

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

**42.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]**

The following Councillors had arrear accounts for more than 90 days as at 30 June 2013:

	<b>Outstanding more than 90 days</b>	<b>Outstanding more than 90 days</b>
Councillor ML Claasen	-	5 564
<b>Total Councillor Arrear Consumer Accounts</b>	<b>-</b>	<b>5 564</b>

**42.7 Other non-compliance (MFMA 125(2)(e))**

Section of MFMA	Short Description of Requirement	Measure of compliance	Compliance	Comment or reasons for non compliance
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<b>Sect 52</b>	<p>a) must provide general political guidance over the fiscal and financial affairs of the municipality;</p> <p>b) may monitor and oversee the exercise of responsibilities of the accounting officer and the chief financial officer</p> <p>c) must take all reasonable steps to ensure that the municipality performs its constitutional and statutory functions within the limits of the municipality's approved budget;</p> <p>d) must, within 30 days of the end of each quarter, submit a report to the council on the implementation of the budget and the financial state of affairs of the municipality;</p> <p>e) must exercise the other powers and perform the other duties assigned to the mayor in terms of this Act or delegated by the council to the mayor.</p>	<p>Did the mayor comply with the requirements?</p>	<p>No</p>	<p>Kannaland did not comply with section 52 of the MFMA for the first 3 quarters of the 2011/12 financial year. Corrective measures were taken and this particular report was submitted for the 4th quarter. Lack of capacity within the financial department stays a problem. Not enough personnel in the budget and treasury office.</p>
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**42.7 Other non-compliance (MFMA 125(2)(e))**

Section of MFMA	Short Description of Requirement	Measure of compliance	Compliance	Comment or reasons for non compliance
<b>Sect 53</b>	<p>a) provide general political guidance over the budget process and the priorities that must guide the preparation of a budget;</p> <p>b) co-ordinate the annual revision of the IDP and the preparation of the annual budget</p> <p>c) take all reasonable steps to ensure</p> <p>i) that the municipality approves its annual budget before the start of the budget year;</p> <p>ii) that the municipality's SDBIP is approved by the mayor within 28 days after the approval of the budget; and</p> <p>iii) that the annual performance agreements for the municipal manager and all senior managers comply with requirements</p> <p>2) The mayor must promptly report to council and the MEC for finance any delay in a (i)-(iii).</p> <p>3) a) the revenue and expenditure projections for each month and the service delivery targets and performance indicators for each quarter, as set out in the SDBIP, are made public 14 days after the approval of the SDBIP b) that the performance agreements of officials as may be prescribed, are made public 14 days after the approval of the municipality's SDBIP. Performance agreements must be submitted council and the MEC for local government</p>	<p>Did the mayor comply with the requirements</p>	<p>No</p>	<p>Due to lack of capacity the SDBIP function was outsourced and vendor was appointed. Process was disrupted by changes in Senior Management. CFO and Accounting officer were appointed in September and October respectively.</p>
<b>Sect 54</b>	<p>1) On receipt of report terms of section 71 or 72, the mayor must-</p> <p>a) consider the statement or report; b) check whether the municipality's approved budget is implemented in accordance with the SDBIP</p> <p>c) consider and, if necessary, make any revisions to the SDBIP,</p> <p>d) issue any appropriate instructions to the accounting officer to ensure compliance with SDBIP</p> <p>e) identify any financial problems facing the municipality</p> <p>f) in the case of a section 72 report, submit the report to the council by 31 January of each year.</p> <p>2) If the municipality faces any serious financial problems, the mayor must-</p> <p>a) promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems</p> <p>b) alert the council and the MEC for local government in the province to those problems.</p> <p>3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.</p>	<p>Did the mayor comply with the requirements?</p>	<p>No</p>	<p>All section 71's and section 72 reports were submitted to National and Provincial Treasury. SDBIP and delay in the appointment in Senior Management let to the fact that all reports were not submitted to council.</p>

**KANNALAND MUNICIPALITYNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>Sect 62 (1) (a)</b>	The resources of the municipality were used effectively, efficiently and economically	Were the resources used effectively?	No	Lack of resources
<b>Sect 62 (1) (c) (i)</b>	Financial management and internal controls	Was controls in place?	No	Corrective measures takes time and even though steps were taken not Internal auditors were appointed but was only an effective function nearing the end of the period under review
<b>Sect 62 (1) (c) (ii)</b>	Internal audit operating in accordance with any prescribed norms and standards	Did internal audit comply?	No	
<b>Sect 62 (1) (e)</b>	Accounting officer to prevent irregular and fruitless and wasteful expenditure.	Did the Accounting officer implement preventative measures ?	No	Fire in the SCM during August 2011 will inevitably lead to irregular expenditure due to lack of supporting documents
<b>Sec 63</b>	Accounting officer to ensure the safeguarding and maintenance of assets and liabilities.	Did the Accounting officer comply?	No	Not sufficient provision for R & M. Currently financial situation has a negative influence

**42.7 Other non-compliance (MFMA 125(2)(e))**

<b>Section of MFMA</b>	<b>Short Description of Requirement</b>	<b>Measure of compliance</b>	<b>Compliance</b>	<b>Comment or reasons for non compliance</b>
<b>Sec 65 (2) (e)</b>	Accounting officer to ensure the implementation of effective system of expenditure control that ensure that all money due is paid within 30 days of receiving the invoice.	Did the Accounting officer ensure the implementation of effective system?	No	Insufficient Funds
<b>Sec 65 (2) (c)</b>	Accounting officer to ensure the implementation of effective system of expenditure control that ensure a system of internal controls with regard to creditors and payments.	Did the Accounting officer ensure the implementation of effective system?	No	No creditors reconciliation. Accounting system is not in full use and training is necessary.
<b>Sec 65 (2) (f)</b>	Accounting officer to ensure the implementation of effective system of expenditure control that complies with tax, duty, pension, medical aid , audit fees and other statutory commitments.	Did the Accounting officer ensure the implementation of effective system?	No	Payment in arrears that date back to 2003 and not enough funds to resolve this issue at once.
<b>Sec 65 (2) (j)</b>	Accounting officer ensure that all accounts is reconciled on at least a monthly basis.	Did the Accounting officer ensure that all accounts were reconciled?	No	Lack of capacity within the creditors department
<b>Sec 66</b>	Report on council regarding staff expenses	Was report submitted to council?	No	Late appointment of Snr management
<b>Sec 69 (1) (a)</b>	Decrease expenses if revenue is projected less than budget	Was expenses adjusted?	No	Disruptive late appointment of Snr Management
<b>Sec 69 (3)</b>	Submit draft SDBIP and performance agreements within 14 days to council	Was draft SDBIP submitted?	No	Disruptive late appointment of Snr Management
<b>Sec 70</b>	The Accounting officer must compile a report on: - Under collection of revenue - Shortfalls in Budgeted revenue - overspending of entities budget - delay in payments to any creditors - overdraft in any bank acc for period exceeding 21 days; and take steps to rectify the situation.	Did the Accounting officer compile a report?	No	Disruptive late appointment of Snr Management, lack of capacity and the late implementation of a SDBIP
<b>Sec 83</b>	The Accounting officer, Senior managers and Other financial officials must meet the prescribed financial management competency levels.	Was the competency levels met?	No	Due to shortage of personnel we were forced to ask for an extension in this regard



<b>Sect 126(1)</b>	Submit AFS within the timeframe of two months after year end.	Were the AFS submitted within two months after year end?	No	Auditor General Report for 2010/2011 financial year was only received 27 August 2012
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<b>43</b>	<b>CAPITAL COMMITMENTS</b>	<b>2013 R</b>	<b>2012 R</b>
	<b>Commitments in respect of capital expenditure:</b>		
	Approved and contracted for:	10 489 068	5 406 906
	Total commitments consist out of the following:		
	Municipal Infrastructure Grant	2 564 629	-
	RBIG	1 523 317	-
	VWD PIT LATRINES	1 745 017	-
	THUSONG CENTRE	2 500 000	-
	IDC GRANT	1 564 172	-
	National Integrated Electrification Grant	591 933	-
	Calitzdorp: Housing	-	2 600 000
	Calitzdorp: Bulk Services	-	2 806 906
		<b>10 489 068</b>	<b>5 406 906</b>
	This expenditure will be financed from:		
	Government Grants	10 489 068	5 406 906
		<b>10 489 068</b>	<b>5 406 906</b>

**44 FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

**(a) Foreign Exchange Currency Risk**

The municipality does not engage in foreign currency transactions.

**(b) Price risk**

The municipality is not exposed to price risk.

**(c) Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

0.5% (2011 - 0.5%) Increase in interest rates	(89 501)	(72 530)
0.5% (2011 - 0.5%) Decrease in interest rates	89 501	72 530

**(d) Credit Risk**

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	6 309	10 122
Receivables from exchange transactions	13 561 095	7 807 629
Receivables from non-exchange transactions	4 981 848	2 945 581
Cash and Cash Equivalents	9 410 053	1 462 760
	<u>27 959 305</u>	<u>12 226 092</u>

**(e) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

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

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
<b>2013</b>				
Long Term liabilities	2 433 905	9 468 794	6 578 000	-
Capital repayments	1 251 881	4 829 179	5 202 928	-
Interest	1 182 024	4 639 614	1 375 072	-
Trade and Other Payables	39 784 577	-	-	-
Unspent conditional government grants and receipts	12 840 260	-	-	-
Provision for the Rehabilitation of Landfill Sites	2 889 390	2 436 409	-	-
Capital repayments	2 889 390	1 934 100	-	-
Interest	-	502 309	-	-
Cash and Cash Equivalents	-	-	-	-
	<u>57 948 132</u>	<u>11 905 203</u>	<u>6 578 000</u>	<u>-</u>
	<b>Less than 1 year</b>	<b>Between 1 and 5 years</b>	<b>Between 5 and 10 years</b>	<b>Over 10 Years</b>
<b>2012</b>				
Long Term liabilities	1 640 965	7 026 510	8 575 836	1 391 023
Capital repayments	486 709	2 672 916	5 745 351	1 316 607
Interest	1 154 256	4 353 594	2 830 485	74 416
Trade and Other Payables	24 139 074	-	-	-
Unspent conditional government grants and receipts	4 753 524	-	-	-
Provision for the Rehabilitation of Landfill Sites	2 889 390	2 436 409	-	-
Capital repayments	2 889 390	1 934 100	-	-
Interest	-	502 309	-	-
Cash and Cash Equivalents	856 424	-	-	-
	<u>34 279 377</u>	<u>9 462 919</u>	<u>8 575 836</u>	<u>1 391 023</u>

**45 FINANCIAL INSTRUMENTS**

In accordance with IAS 39.09 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected bellow.

<b>45.1 Financial Assets</b>	<b>Classification</b>	<b>2013 R</b>	<b>2012 R</b>
<b>Investments</b>			
Fixed Deposits	Financial instruments at amortised cost	4 043 791	3 564 511
<b>Long-term Receivables</b>			
Sport Club Loans	Financial instruments at amortised cost	2 186	6 597
<b>Receivables</b>			
Receivables from exchange transactions	Financial instruments at amortised cost	13 561 095	7 807 629
Receivables from non-exchange transactions	Financial instruments at amortised cost	4 981 848	2 945 581
<b>Current Portion of Long-term Receivables</b>			
Sport Club Loans	Financial instruments at amortised cost	4 123	3 525
<b>Short-term Investment Deposits</b>			
Call Deposits	Financial instruments at amortised cost	6 100 827	1 459 460
<b>Bank Balances and Cash</b>			
Bank Balances	Financial instruments at amortised cost	3 305 926	-
Cash Floats and Advances	Financial instruments at amortised cost	3 300	3 300
		<u><b>32 003 096</b></u>	<u><b>15 790 603</b></u>
<b>SUMMARY OF FINANCIAL ASSETS</b>			
Financial instruments at amortised cost		<u>32 003 096</u>	<u>15 790 603</u>
<b>At amortised cost</b>		<u><b>32 003 096</b></u>	<u><b>15 790 603</b></u>

FINANCIAL INSTRUMENTS (CONTINUE)		2013 R	2012 R
<b>45.2</b>	<b><u>Financial Liability</u></b>	<b><u>Classification</u></b>	
	<b>Long-term Liabilities</b>		
	Annuity Loans	9 673 522	10 144 531
	Capitalised Lease Liability	1 607 323	74 403
	<b>Payables from exchange transactions</b>		
	Trade creditors	31 262 641	17 276 971
	Retentions	442 362	305 384
	Deposits	168 291	120 527
	Other	7 366 892	5 459 518
	<b>Current Portion of Long-term Liabilities</b>		
	Annuity Loans	(534 435)	(471 425)
	Capitalised Lease Liability	(717 905)	(54 666)
		<b>49 268 691</b>	<b>32 855 243</b>
		<b>2013 R</b>	<b>2012 R</b>
	<b>SUMMARY OF FINANCIAL LIABILITY</b>		
	Financial instruments at amortised cost	<b>49 268 691</b>	<b>32 855 243</b>

**46 EVENTS AFTER THE REPORTING DATE**

The municipality has no events after reporting date during the financial year ended 2011/2012.

**47 IN-KIND DONATIONS AND ASSISTANCE**

The municipality did not receive any in-kind donations or assistance during the year under review.

**48 PRIVATE PUBLIC PARTNERSHIPS**

Council has not entered into any private public partnerships during the financial year.

**49 CONTINGENT LIABILITY**

Furthermore the council is operating a sand mine without the prescribed permit to do so.

The municipality has a civil claim against them since 2010 for R3 211

A potential third party claim for the amount of R1 500 000 was received from the Western Cape High Court on 19 October 2011 for an incident that happened on 4 April 2011 to Ms' MA Smith in Calitzdorp.

**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. It is not practicable to reliably estimate the amount of this receivable/ payable prior to the outcome of the pending litigation.

**50 RELATED PARTIES**

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

**Related Party Transactions**

	<b>Rates - Levied 1 Jul 12 - 30 Jun 13</b>	<b>Service - Levied 1 Jul 12-30 Jun 13</b>
<b>Year ended 30 JUNE 2013</b>		
Councillors		
Councillor PJ Antonie	997	4 079
Councillor ML Claasen	528	3 693
Councillor J Donson	1 784	4 814
Councillor WP Meshoa		608
Councillor AJ Rossouw	730	9 750
Councillor HD Ruiters	1 575	3 078
Councillor L Willemse	4 077	4 338
Municipal Manager and Section 57 Employees		
Mr. MM Hoogbaard		15 098
Mr. NB Delo		10 372
Mr. HJ Barnard	718	4 266

The rates, service charges and other charges are in accordance with approved tariffs that were advertised. No bad debt expenses have been recognised in respect of amounts owed by related parties.

**50.1 Related Party Loans**

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 16 to the Annual Financial Statements.

**50.2 Compensation of key management personnel**

The compensation of key management personnel is set out in note 26 to the Annual Financial Statements.

**50.3 Other related party transactions**

The following purchases were made during the year where Councillors or staff have an interest:

*None*

**51 AWARDS TO PERSONS IN THE SERVICE OF THE STATE****51.1 Awards made to persons in the service of the state**

Outeniqua Leadership Institute	Amount of award	<b>100 000</b>
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One of the directors of the company is in employ of the state

**51.2 Awards made to close family members of persons in the service of the state**

RSK & Associates	Amount of award	<b>222 787</b>
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One of the directors of the company spouse is in the service of the state

**51.3 Awards made persons that were in the service of the state**

RR Links	Nxele Enterprises	Amount of award	<b>729 736</b>
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Mr R R Links was employed at Bitou Municipality

**52 FINANCIAL SUSTAINABILITY**

The indicators or conditions that may, individually or collectively, cast significant doubt about the going concern assumption are as follows:

**Financial Indicators**

The municipality does not have enough cash reserves to fund working capital requirements

**APPENDIX A - Unaudited**  
**KANNALAND MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2013**

<b>EXTERNAL LOANS</b>	<b>Rate</b>	<b>Redeemable</b>	<b>Balance at 30 JUNE 2012</b>	<b>Correction</b>	<b>Balance at 30 JUNE 2012 Restated</b>	<b>Received during the period</b>	<b>Redeemed written off during the period</b>	<b>Balance at 30 JUNE 2013</b>
<b>ANNUITY LOANS</b>								
DBSA:Consolidated Loans	12.50%	30/04/2023	10 144 531	-	10 144 531		471 009	9 673 522
DBSA:Consolidated Loans	0.00%		0	-	-	-	-	-
<b>Total Annuity Loans</b>			<b>10 144 531</b>	<b>-</b>	<b>10 144 531</b>	<b>-</b>	<b>471 009</b>	<b>9 673 522</b>
<b>LEASE LIABILITY</b>								
Finance Lease - Hafcom			-	-	-	1 854 000	491 019	1 362 981
Finance Lease - Technofin	11.00%	31/10/2013	74 403	-	74 403	-	74 403	-
Finance Lease - Nashua George			-	-	-	263 101	55 505	207 596
Finance Lease - MTN			-	-	-	47 244	10 499	36 746
<b>Total Lease Liabilities</b>			<b>74 403</b>	<b>-</b>	<b>74 403</b>	<b>2 164 345</b>	<b>631 426</b>	<b>1 607 323</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>10 218 934</b>	<b>-</b>	<b>10 218 934</b>	<b>2 164 345</b>	<b>1 102 435</b>	<b>11 280 845</b>

**INSERT ACCOUNTING POLICY**



**APPENDIX B - Unaudited  
KANNALAND MUNICIPALITY  
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 1 JULY 2011	Correction of error Note 35	Balance 1 JULY 2011	Grants Received	Write Offs/ Transfers	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	VAT on Grants Recognised	Balance 30 JUNE 2012	Unspent 30 JUNE 2012 (Creditor)	Unpaid 30 JUNE 2012 (Debtor)
	R		R	R	R	R	R	R	R	R	R
<b>UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS</b>											
<b>National Government Grants</b>											
Equitable Share	-	-	-	18 989 000	-	18 989 000	-	-	-	-	-
Local Government Financial Management Grant	(14 464)	1	(14 465)	1 264 465	-	1 250 000	-	-	-	-	-
DME Side Demand Management Meters	2 577 449	1	2 577 448	-	2 254 000	-	-	-	323 448	323 448	-
National Integrated Electrification Grant	(22 102)	-	(22 102)	5 000 000	-	-	4 385 965	-	591 933	591 933	-
Municipal Infrastructure Grant	(278 556)	-	(278 556)	11 517 000	-	554 979	8 118 836	-	2 564 629	2 564 629	-
Municipal Systems Improvement Grant	(282 842)	-	(282 842)	1 500 000	-	1 500 000	-	-	(282 842)	-	282 842
DBSA Recovery Plan	(824 875)	-	(824 875)	-	-	-	-	-	(824 875)	-	824 875
RBIG	-	-	-	3 900 000	-	-	2 376 683	-	1 523 317	1 523 317	-
EPWP Grant	-	-	-	1 000 000	-	952 062	-	-	47 938	47 938	-
<b>Total National Government Grants</b>	<b>1 154 610</b>	<b>-</b>	<b>1 154 608</b>	<b>43 170 465</b>	<b>2 254 000</b>	<b>23 246 041</b>	<b>14 881 484</b>	<b>-</b>	<b>3 943 548</b>	<b>5 051 265</b>	<b>1 107 717</b>
<b>Provincial Government Grants</b>											
Project Library	(20 183)	-	(20 183)	208 000	-	7 317	65 030	-	115 470	115 470	-
Zoar Library	18 122	-	18 122	-	-	-	-	-	18 122	18 122	-
Land Use Planning Advertising Cost	900	-	900	-	-	-	-	-	900	900	-
Taxi Rank	306 463	-	306 463	-	-	-	-	-	306 463	306 463	-
Flood Damage	447 890	-	447 890	-	-	-	-	-	447 890	447 890	-
CDW grant	5 979	1	5 978	162 000	-	96 088	28 432	-	43 458	43 458	-
Nissanville Paving	600 000	448 641	151 359	-	-	20 821	-	-	130 538	130 538	-
Calitzdorp Housing	-	-	-	13 964 000	-	13 964 000	-	-	-	-	-
Calitzdorp Housing ASLA	2 087	-	2 087	-	-	-	-	-	2 087	2 087	-
Upgrading Sports Facilities Calitzdorp	250 000	-	250 000	-	-	-	-	-	250 000	250 000	-
SDBIP Grant	(8 176)	-	(8 176)	-	-	-	-	-	(8 176)	-	8 176
Department of Water Affairs	401 980	-	401 980	-	-	-	255 053	-	146 927	146 927	-
Swimming Pool Calitzdorp	-	-	-	-	-	-	-	-	-	-	-
Swimming Pool Ladismith	-	-	-	-	-	-	-	-	-	-	-
<b>Total Provincial Government Grants</b>	<b>2 005 062</b>	<b>448 642</b>	<b>1 556 420</b>	<b>14 334 000</b>	<b>-</b>	<b>14 088 226</b>	<b>348 515</b>	<b>-</b>	<b>1 453 679</b>	<b>1 461 855</b>	<b>8 176</b>
<b>District Municipality Grants</b>											
Eden District Municipality	-	-	-	-	-	-	-	-	-	-	-
Eden District Municipality Water Supply	-	-	-	-	-	-	-	-	-	-	-
Eden District Municipality Electricity	-	-	-	-	-	-	-	-	-	-	-
Ladismith Water Project	152 272	1	152 271	-	-	24 153	-	-	128 118	128 118	-
<b>Total District Municipality Grants</b>	<b>152 272</b>	<b>1</b>	<b>152 271</b>	<b>-</b>	<b>-</b>	<b>24 153</b>	<b>-</b>	<b>-</b>	<b>128 118</b>	<b>128 118</b>	<b>-</b>
<b>Other Grant Providers</b>											
Drought relief	203 172	-	203 172	-	-	-	-	-	203 172	203 172	-
MSP	200	-	200	-	-	-	-	-	200	200	-
Greening Ladismith	629	-	629	-	-	-	-	-	629	629	-
Greening Zoar	20 556	-	20 556	-	-	-	-	-	20 556	20 556	-
Water Investigation Van Wyksdorp	10 703	-	10 703	-	-	-	-	-	10 703	10 703	-
LED Grant	175 000	-	175 000	-	-	165 132	-	-	9 868	9 868	-
VWD PIT LATRINES	-	-	-	5 000 000	-	-	3 254 983	-	1 745 017	1 745 017	-
FMSG: FIN. MAN. SUPP	-	-	-	300 000	-	184 058	-	-	115 942	115 942	-
THUSONG CENTRE	-	-	-	2 500 000	-	-	-	-	2 500 000	2 500 000	-
IDC GRANT	-	-	-	1 564 172	-	-	-	-	1 564 172	1 564 172	-
Umsobomwu Project	28 763	-	28 763	-	-	-	-	-	28 763	28 763	-
<b>Total Other Grant Providers</b>	<b>439 023</b>	<b>-</b>	<b>439 023</b>	<b>9 364 172</b>	<b>-</b>	<b>349 190</b>	<b>3 254 983</b>	<b>-</b>	<b>6 199 022</b>	<b>6 199 022</b>	<b>-</b>
<b>Total</b>	<b>3 750 967</b>	<b>448 643</b>	<b>3 302 322</b>	<b>66 868 637</b>	<b>2 254 000</b>	<b>37 707 611</b>	<b>18 484 981</b>	<b>0</b>	<b>11 724 367</b>	<b>12 840 260</b>	<b>1 115 893</b>

**APPENDIX B - Unaudited  
KANNALAND MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013  
MUNICIPAL VOTES CLASSIFICATION**

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
11 601 556	(8 515 118)	3 086 438	<u>EXECUTIVE MAYOR &amp; COUNCIL</u> Council General Administration	3 531 539	(9 383 245)	(5 851 706)
7 829 007	(5 323 440)	2 505 567	<u>MUNICIPAL MANAGER</u> Office Of The Municipal Manager	-	-	-
181 072	(6 424 426)	(6 243 354)	<u>CORPORATE SERVICES</u> Manager: Corporate Services	69 178	(7 063 550)	(6 994 372)
-	-	-	Human Resource Management	-	-	-
17 558 269	(4 817 120)	12 741 149	Municipal Property Management	16 514 810	(2 887 735)	13 627 075
1 689 325	(11 935 992)	(10 246 667)	<u>FINANCIAL SERVICES</u> Manager: Financial Services	1 180 525	(16 942 127)	(15 761 602)
189 672	(1 197 857)	(1 008 185)	<u>COMMUNITY SERVICES</u> Manager: Community Development	215 032	(1 562 930)	(1 347 898)
-	-	-	Environmental Health Services	-	-	-
1 254 815	(1 115 090)	139 725	Libraries & Information Serv	1 106 847	(1 275 594)	(168 747)
26 397	(44 230)	(17 833)	Cemeteries	26 026	(1 026)	25 000
16 513	(166 526)	(150 013)	Sports Facilities	14 336	(357 554)	(343 218)
5 926 690	(3 780 442)	2 146 248	Refuse Rem & Waste Management	6 534 071	(3 075 319)	3 458 752
1 842	(7 627 418)	(7 625 576)	Other Community	1 579	(2 968 661)	(2 967 082)
1 691 531	(1 923 409)	(231 878)	<u>PUBLIC SAFETY</u> Traffic Services	1 294 068	(2 139 727)	(845 659)
-	(3 944)	(3 944)	<u>INFRASTRUCTURE,ENG &amp; TECHNICAL</u> Roads	1 935 674	1 935 674	3 871 348
9 885 671	(6 057 743)	3 827 928	Sewerage & Sanitation Services	12 126 739	(4 514 624)	7 612 115
33 553 907	(32 429 764)	1 124 143	<u>TRADING SERVICES</u> Electrical Engineering Service	37 382 417	(26 364 657)	11 017 760
10 736 808	(7 995 684)	2 741 124	Water Service	13 186 262	(3 568 557)	9 617 705
-	-	-		-	-	-
102 143 075	(99 358 203)	2 784 872	Sub Total	109 687 478	(99 893 162)	9 794 316
-	-	-	Interdepartemental charges	-	-	-
102 143 075	(99 358 203)	2 784 872	<b>Total</b>	109 687 478	(99 893 162)	9 794 316

**APPENDIX C - Unaudited  
KANNALAND MUNICIPALITY  
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013  
GENERAL FINANCE STATISTIC CLASSIFICATIONS**

<b>2012 Actual Income R</b>	<b>2012 Actual Expenditure R</b>	<b>2012 Surplus/ (Deficit) R</b>		<b>2013 Actual Income R</b>	<b>2013 Actual Expenditure R</b>	<b>2013 Surplus/ (Deficit) R</b>
13 290 882	(24 945 965)	(11 655 083)	Executive & Council	4 624 616	(29 340 388)	(24 715 772)
17 739 341	(11 241 546)	6 497 795	Finance & Admin	16 583 988	(9 958 609)	6 625 379
1 472 727	(9 984 595)	(8 511 868)	Community & Social Services	1 349 484	(5 808 211)	(4 458 727)
7 013 009	(490 370)	6 522 639	Housing	13 992 574	(14 620 163)	(627 589)
16 513	(166 526)	(150 013)	Sport & Recreation	14 336	(357 554)	(343 218)
-	-	-	Environmental Protection	-	-	-
15 812 361	(9 838 185)	5 974 176	Waste Management	14 423 751	(5 707 474)	8 716 277
2 507 529	(2 265 567)	241 962	Road Transport	1 869 869	(739 635)	1 130 234
10 736 802	(7 995 683)	2 741 119	Water	13 186 256	(3 568 556)	9 617 700
33 553 913	(32 429 764)	1 124 149	Electricity	37 382 417	(27 888 990)	9 493 427
						-
<b>102 143 077</b>	<b>(99 358 201)</b>	<b>2 784 876</b>	<b>Total</b>	<b>103 427 291</b>	<b>(97 989 580)</b>	<b>5 437 711</b>