



**Mkhambathini Municipality
Annual Financial Statements
for the year ended 30 June 2014**

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

General Information

Legal form of entity	Municipality
Executive committee	
Mayor	Cllr.T.E. Maphumulo(Mayor) Cllr C.T. Mkhize (Deputy Mayor)
Councillors	Cllr. E. Ngcongco (Speaker) Cllr. T.A. Gwala Cllr. M. Nene Cllr. M.R. Ntuli Cllr. F. P. Msomi Cllr. M.M. Lembethe Cllr. N. Zondo Cllr. R.N. Lembethe Cllr. M.A. Ngcongco Cllr. M.M.M. Magubane Cllr. H.S. Mthethwa
Grading of local authority	Grade 2
Accounting Officer	Mr. D.A. Pillay 031 785 9307
Chief Finance Officer (CFO)	Mrs. P.R. Mthiyane (Acting) 031 785 9320
Municipal Website	www.mkhambathini.gov.za
Business address	18 Old Main Road Camperdown 3720
Postal address	Private Bag X04 Camperdown 3720
Contact number	031 785 9300
Auditors	Auditor-General
Name of Account Holder	Mkhambathini Municipality
Bank	Standard Bank
Account Number	052 1499 78

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Index

The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

Index	Page
Accounting Officer's Responsibilities and Approval	4
Accounting Officer's Report	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Accounting Policies	12 - 21
Notes to the Annual Financial Statements	22 - 40

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Responsibilities and Approval

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

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

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

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

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

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to June 30, 2015 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 6 to 40 which have been prepared on the going concern basis, were approved by the accounting officer on 30 August, 2014 and were signed on its behalf of the municipality:

Accounting Officer
D.A. Pillay

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Officer's Report

The Accounting Officer submits his report for the year ended 30 June 2014.

1. Subsequent events

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

2. Accounting Officer

The Accounting Officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Devan Pillay	South African

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Position as at 30 June 2014

Figures in Rand	Note(s)	2014	2013 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	6	439 984	556 177
Receivables from non-exchange transactions		11 673	-
VAT receivable	7	931 385	2 047 079
Consumer debtors	8	3 455 667	2 895 113
Cash and cash equivalents	9	5 571 191	18 263 453
		10 409 900	23 761 822
Non-Current Assets			
Investment property	3	1 158 000	1 158 000
Property, plant and equipment	4	79 365 595	64 317 784
Intangible assets	5	72 132	96 175
		80 595 727	65 571 959
Total Assets		91 005 627	89 333 781
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	3 517 969	3 583 266
Unspent conditional grants and receipts	11	3 619 718	9 946 578
Provisions	12	1 625 158	1 196 014
		8 762 845	14 725 858
Non-Current Liabilities			
Provisions	12	1 865 028	1 328 796
Total Liabilities		10 627 873	16 054 654
Net Assets		80 377 754	73 279 127
Net Assets			
Revaluation reserve	10	13 672 554	14 329 907
Accumulated surplus		66 705 200	58 949 220
Total Net Assets		80 377 754	73 279 127

* See Note 27

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013 Restated*
Revenue			
Licences and permits		3 542 510	3 182 723
Commissions received - Insurance Premiums		10 875	8 656
Donation Income		49 794	-
Other income	16	276 795	361 844
Interest received from Bank		913 367	1 079 886
Property rates	14	7 038 480	6 722 465
Government grants & subsidies	15	48 931 984	46 451 280
Fines		34 340	34 300
Total revenue		60 798 145	57 841 154
Expenditure			
Employee Related Cost	18	(20 059 227)	(17 523 672)
Remuneration of councillors	19	(4 122 707)	(3 869 385)
Contributions to Medical Aid and Long Service Awards		(554 711)	(1 328 796)
Depreciation and amortisation		(4 039 173)	(3 546 528)
Impairment loss/ Reversal of impairments		-	(25 239)
Finance costs		(117 055)	(106 983)
Debt impairment		(1 765 002)	(601 568)
Collection costs		(34 414)	(173 724)
Repairs and maintenance		(583 631)	(1 040 825)
Contracted services		(35 181)	(286 173)
Grants and subsidies Expenditure		(8 912 807)	(7 196 562)
General Expenses	17	(12 685 797)	(10 512 289)
Total expenditure		(52 909 705)	(46 211 744)
Operating surplus		7 888 440	11 629 410
Surplus for the year		7 888 440	11 629 410

* See Note 27

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Balance at 01 July 2012	14 986 809	47 319 810	62 306 619
Changes in net assets			
Surplus for the year	-	11 629 410	11 629 410
Adjustment	(656 902)	-	(656 902)
Total changes	(656 902)	11 629 410	10 972 508
Restated* Balance at 01 July 2013	14 329 907	58 949 220	73 279 127
Changes in net assets			
Surplus for the year	-	7 888 440	7 888 440
Transfer of Depreciation on revalued assets	(657 353)	657 353	-
Other Adjustments	-	(789 813)	(789 813)
Total changes	(657 353)	7 755 980	7 098 627
Balance at 30 June 2014	13 672 554	66 705 200	80 377 754

* See Note 27

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Cash Flow Statement

Figures in Rand	Note(s)	2014	2013 Restated*
Cash flows from operating activities			
Receipts			
Taxation		9 359 455	7 758 640
Sale of goods and services		438 203	11 279 646
Grants		42 605 124	39 778 964
Interest Recieved - Investment		913 367	1 079 886
		53 316 149	59 897 136
Payments			
Employee costs		(20 059 227)	(17 523 672)
Cash paid to suppliers		(26 763 336)	(22 467 501)
Finance costs		(117 055)	(106 983)
		(46 939 618)	(40 098 156)
Net cash flows from operating activities	24	6 376 531	19 798 980
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(19 068 793)	(12 346 927)
Other cash item		-	(21 870)
Net cash flows from investing activities		(19 068 793)	(12 368 797)
Cash flows from financing activities			
Other cash item		-	1 343
Net increase/(decrease) in cash and cash equivalents		(12 692 262)	7 431 526
Cash and cash equivalents at the beginning of the year		18 263 453	10 831 927
Cash and cash equivalents at the end of the year	9	5 571 191	18 263 453

* See Note 27

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Licences and permits	3 127 000	80 000	3 207 000	3 542 510	335 510	See (a) below
Commissions received	-	-	-	10 875	10 875	See (b) below
Donation Income	-	-	-	49 794	49 794	See (c) below
Other income	376 233	91 000	467 233	276 795	(190 438)	See (d) below
Interest received	730 378	56 000	786 378	913 367	126 989	See (e) below
Total revenue from exchange transactions	4 233 611	227 000	4 460 611	4 793 341	332 730	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	6 522 000	-	6 522 000	7 038 480	516 480	See (f) below
Government grants & subsidies	35 637 000	1 139 000	36 776 000	48 931 984	12 155 984	See (g) below
Transfer revenue						
Fines	84 800	-	84 800	34 340	(50 460)	See (h) below
Total revenue from non-exchange transactions	42 243 800	1 139 000	43 382 800	56 004 804	12 622 004	
Total revenue		46 477 411	1 366 000	47 843 411	60 798 145	12 954 734
Expenditure						
Personnel	(17 039 000)	-	(17 039 000)	(20 059 227)	(3 020 227)	See (i) below
Remuneration of councillors	(4 101 000)	-	(4 101 000)	(4 122 707)	(21 707)	See (j) below
Contribution to Medical Aid and Long Service Awards	(600 000)	-	(600 000)	(554 711)	45 289	See (k) below
Depreciation and amortisation	(2 237 000)	-	(2 237 000)	(4 039 173)	(1 802 173)	See (l) below
Finance costs	-	(120 000)	(120 000)	(117 055)	2 945	See (m) below
Debt impairment	(1 000 000)	-	(1 000 000)	(1 765 002)	(765 002)	See (n) below
Collection costs	(40 000)	-	(40 000)	(34 414)	5 586	See (o) below
Repairs and maintenance	(2 506 900)	-	(2 506 900)	(583 631)	1 923 269	See (p) below
Contracted Services	(50 000)	(70 000)	(120 000)	(35 181)	84 819	See (q) below
Grants and subsidies - Operational	(9 000 000)	-	(9 000 000)	(8 912 807)	87 193	See (r) below
General Expenses	(7 471 100)	-	(7 471 100)	(12 685 797)	(5 214 697)	See (s) below
Total expenditure	(44 045 000)	(190 000)	(44 235 000)	(52 909 705)	(8 674 705)	
Operating surplus before capital expenditure		2 432 411	1 176 000	3 608 411	7 888 440	4 280 029
Capital Expenditure	(17 927 000)	3 500 000	(14 427 000)	(19 068 793)	(4 641 793)	See (t) below
Surplus or (Deficit) for the year after capital expenditure		(15 494 589)	4 676 000	(10 818 589)	(11 180 353)	(361 764)

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
--	-----------------	-------------	--------------	------------------------------------	--	-----------

Figures in Rand

Revenue

- a) **Licence and Permits** - under estimation of budget as more members of the public in general use the licencing facilities at the Municipality to renew, covert their licences
- b) **Commission Received** - no budget provided for
- c) **Donation Income** - no budget provided for. Income from donated small assets
- d) **Other income** - includes various sources of minor income which is difficult to predict, therefore the actual is less than the budgeted amount.
- e) **Interest Received** - more interest was received in the market link account than expected.
- f) **Property rates** - the amounts actually billed was greater than budget could be due to various reasons such improvements to buildings by rates payers, sub divisions etc.
- g) **Government Grants and subsidies** - the variance is due to the recognition of capital grant income when conditions of the grant is met. This actual amount received would have more if a portion of equitable share was not withheld.
- h) **Fines** - Fines were over budgeted for and is also very difficult to budget for.

Expenditure

- i) **Employee Related Costs** - the increase in the actual is due to the implementation of the Epwp programmes and job creation initiatives by the Municipality.
- j) **Remuneration of Councillors** - the Councillors allowances were under budgeted for
- k) **Contribution to medical Aid and Long Service Awards** - this was over budgeted for
- l) **Depreciation** - this was under budgeted for and the Fixed assets register was completely redone resulted in correct depreciation being allocated.
- m) **Finance Costs** - this was over budgeted for.
- n) **Debt Impairment** - this was under budgeted for. When the actual discounting of debtors were done, the non-payment factor resulted in additional provision.
- o) **Collection costs** - this was over budgeted for
- p) **Repairs and Maintenance** - this was over budgeted for
- q) **Contract Services** - this was over budgeted for
- r) **Grants and Subsidy Expenditure** - there was slight under spending on this item
- s) **General Expenditure** - under budget is the major cause of the variances in general expenditure. There were increases in legal fees, audit fees, fuel and oil, printing and stationery, IT expenses and consultant fees.

Capital Expenditure

- t) The variances is due to the rollover of unspent MIG grant at the end of 2012-2013 not being brought into the adjustment budget due the fact that the rollover application was not approved by National Treasury. However the projects continued which resulted in the actual expenditure exceeding the budgeted amount.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (Act 56 of 2003).

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Significant judgements and sources of estimation uncertainty

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

1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

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

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

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

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

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

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

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations.

1.3 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Property, plant and equipment (continued)

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

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

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

Item	Average useful life
Building	30 - 40
Plant and Equipment	
• Brushcutters and Lawn Mowers	3 - 15
• Tractors	10 - 20
• Guardrails	15
• Other	3 - 15
Furniture and Fixtures	
• Chairs and Sofas	5 - 15
• Bookshelves and Cabinet	7 - 15
• Desk and Tables	7 - 15
Motor Vehicles	
• Motor Vehicles	5 - 10
Office Equipment	
• Printers	3 - 7
• Cameras	3 - 7
• Video Cameras	3 - 7
• Air Conditioners	3 - 7
• Other	3 - 7
IT Equipment	
• Laptop	3 - 7
• Desktop	3 - 7
• Central Processing Unit	3 - 7
• Monitors	3 - 7
Infrastructure	
• Road and Paving	10 - 30
• Stormwaters	20 - 25
Community	
• Building	20
• Swimming Pool	20
• Sportfields	20
• Shelters	10 - 15
Security Measures	
• Walls	30
• Gates and Fencing	10 - 15

The residual value, the useful life and depreciation method of each asset are reviewed at least at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.3 Property, plant and equipment (continued)

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

CAPITAL WORK IN PROGRESS

Capital work in progress (WIP) represent the cost of construction work on assets which are not yet completed as at the end of the financial year

WIP costs are accounted for on an accrual basis at costs or fair value given in acquiring or constructing the asset. Under the accrual basis of accounting ,costs are recognised when incurred ,usually when goods or services are consumed and not necessarily when such goods or services are actually paid for.

Costs is the amount of cash or cash equivalent paid,including imports duties and non refundable purchases taxes ,after deducting trade discounts and rebates.

Fair value is the amount for which an asset could be exchanged,or a liability settled between knowledgeable ,willing parties in an arms length transactions.

The cost or fair value of an item of WIP is recognised as an assets if ,and only if :

- (a) It is probable that future economic benefits associated with the item will flow to the entity ;and
- (b) The cost of the item can be measured reliably.

WIP assets are not depreciated until they are ready for their intended use.

Upon completion ,WIP assets are reclassified to the appropriate asset class and at this stage depreciating commences.

The following is disclosed in the financial statement in respect of WIP :

- (a) The amount of expenditure recognised in the carrying amount in the course of construction;and
- (b) The amount of contractual commitment.

1.4 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The municipality assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

The Amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight line basis as follows:

Item	Useful life
Computer software	5 years

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.5 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Receivables from exchange transactions

Trade receivables are measured at initial recognition at fair value.

Trade and other receivables are classified as receivables.

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

Payables from exchange transactions

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Liabilities are generally settled within the period of 30 days, accordingly, any impairments, if any, are considered to be immaterial.

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.6 Tax

Normal tax expense

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

Value Added Tax (VAT):

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

1.7 Leases

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.7 Leases (continued)

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are expensed as they become due.

1.8 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

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

Identification

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

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

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

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

Value in use

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

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

Depreciated replacement cost approach

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

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

Redesignation

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

1.9 Employee benefits

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

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

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

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

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

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

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

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

Post-employment benefits: Defined contribution plans

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

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

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

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

Contribution to the Natal Joint Provident Fund (NJF) and are made as follows.

Current :	Provident 1 - 30 Members - 5 % Council - 9 %
	Provident 2 -7 Members - 7% Council - 18.04%
	Provident 3-2 Members - 9.25 % Council 18.04 %
	Retirement 2 Members - 7% Council - 13.65%
	Superannuation 32 Members -9.25% Council - 25 %

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.10 Provisions and contingencies

Provisions are recognised when:

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

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

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, an municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets; and
- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

1.11 Revenue Recognition

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

Measurement

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

Revenue from Exchange Transaction

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

Revenue from non-exchange transaction

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

1.12 Comparative information

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

1.13 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.13 Unauthorised expenditure (continued)

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

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

1.14 Fruitless and wasteful expenditure

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

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

1.15 Irregular expenditure

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

1.16 Revaluation reserve

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

1.17 Conditional grants and receipts

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

1.18 Presentation of budget information

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

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

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

The approved budget covers the fiscal period from 2013-07-01 to 2014-06-30.

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

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Accounting Policies

1.19 Related parties

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

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

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

2014

2013

2. New standards and interpretations

2.1 Standards and interpretations issued but not yet effective in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 18 : Segment Reporting	March 01 ,2005	Immediate
GRAP 20 : Related Party Disclosures	Revised	Immediate
GRAP 32 : Services Concession Arrangement Grantor	Revised	Immediate
GRAP 105 : Transfer between Entities under common control	November 2010	Immediate
GRAP 106 : Transfer between entities not under common control	November 2010	Immediate
GRAP107 : Mergers	November 2010	Immediate
GRAP 108 : Statutory Receivables		

2.2 Standards and interpretations effective and Adopted in the Current Year

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1 : Presentation of Financial Statement	April 01,2013	Immediate
GRAP 2 : Cash Flow Statement	April 01,2013	Immediate
GRAP 3 : Accounting Policies ,Changes in Accounting Estimate and Errors	April 01,2013	Immediate
GRAP 9 : Revenue From Exchange Transaction	April 01,2013	Immediate
GRAP 16 : Investment Property	April 01,2014	Immediate
GRAP 17 : Property ,Plant and Equipment	April 01,2014	Immediate
GRAP 21 : Impairment of Non - Cash Generated Assets.	April 01,2014	Immediate
GRAP 23 : Revenue From Non - Exchange Transaction	April 01,2014	Immediate
GRAP 24 : Presentation of Budget Information on Financial Statement.	April 01,2014	Immediate
GRAP 25 : Employee Benefits	April 01,2014	Immediate.
GRAP 31 : Intangible Assets	April 01,2014	Immediate
GRAP 13 : Leases	April 01,2014	Immediate

3. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	1 158 000	-	1 158 000	1 158 000	-	1 158 000

Reconciliation of investment property - 2014

	Opening balance	Total
Investment property	1 158 000	1 158 000

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

3. Investment property (continued)

Reconciliation of investment property - 2013

	Opening balance	Total
Investment property	1 158 000	1 158 000

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

Restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposals.

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

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

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

4. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	9 415 368	(1 890 557)	7 524 811	9 415 368	(1 650 345)	7 765 023
Capital Work in Progress	12 976 188	-	12 976 188	6 249 037	-	6 249 037
Other Assets - Movables	5 675 430	(2 466 556)	3 208 874	4 822 026	(1 903 781)	2 918 245
Roads and Paving	34 842 990	(5 438 594)	29 404 396	31 286 139	(3 887 868)	27 398 271
Community Assets	32 132 786	(5 881 460)	26 251 326	24 201 398	(4 214 190)	19 987 208
Total	95 042 762	(15 677 167)	79 365 595	75 973 968	(11 656 184)	64 317 784

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand

4. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	7 765 023	-	-	(240 212)	7 524 811
Capital Work in Progress	6 249 037	12 666 174	(5 939 023)	-	12 976 188
Other Assets - Movables	2 918 245	853 403	-	(562 774)	3 208 874
Roads and Paving	27 398 271	3 556 851	-	(1 550 726)	29 404 396
Community Assets	19 987 208	1 992 365	5 939 023	(1 667 270)	26 251 326
	64 317 784	19 068 793	-	(4 020 982)	79 365 595

Reconciliation of property, plant and equipment restated - 2013

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	6 961 434	1 033 866	-	(230 277)	7 765 023
Capital Work in Progress	-	6 249 037	-	-	6 249 037
Other Assets - Movables	2 810 962	583 530	(27 630)	(448 608)	2 918 245
Roads and Paving	24 248 585	4 480 492	-	(1 330 806)	27 398 271
Community Assets	21 500 001	-	-	(1 512 793)	19 987 208
	55 520 982	12 346 925	(27 630)	(3 522 484)	64 317 784

Correction of Prior Year Property Plant and Equipment Balances

	As Previously Reported	Correction of an Errors	Total
Buildings	8 107 451	(342 427)	7 765 024
Roads and Pavings	28 172 291	(774 020)	27 398 271
Community Assets	26 528 724	(6 541 516)	19 987 208
Other Assets - Movables	2 939 273	(21 019)	2 918 254
Capital Work in Progress	-	6 249 037	6 249 037
	65 747 739	(1 429 945)	64 317 794

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

4. Property, plant and equipment (continued)

The Errors arose mainly as a result of changes to the residual values of the immovable assets and restatements and reclassification of Capital Work in Progress.

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

5. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	120 219	(48 087)	72 132	120 219	(24 044)	96 175

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software, other	96 175	(24 043)	72 132

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software, other	120 219	(24 044)	96 175

Correction of prior year Intangible Assets	As previously reported	Restatement of cost	Restatement of depreciation	Total	
	-	120 219	(24 044)	96 175	-

Computer Software, namely Pastel Accounting Software, had been written off in error in the previous years. It was re-instated at the original cost effective 1 July 2013. The software is expected to be used by the municipality for a period of five years and due to rapid technological changes, the residual value at the end of the useful live has been estimated at nil.

6. Receivables from exchange transactions

Payment In Advance	-	16 243
Other debtors	396 108	465 550
UMDM	43 876	74 384
	439 984	556 177

7. VAT receivable

VAT	931 385	2 047 079
-----	---------	-----------

8. Consumer debtors

Gross balances		
Rates	6 087 747	3 762 192

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
8. Consumer debtors (continued)		
Less: Allowance for impairment		
Rates	(2 632 080)	(867 079)
Net balance		
Rates	3 455 667	2 895 113
Rates		
Current (0 -30 days)	336 845	300 225
30 days	348 643	246 227
60 days	307 868	244 257
90 days	287 384	225 244
120 days	88 859	243 727
150 days	375 053	205 014
180 days	4 442 609	2 297 498
Debtors Discounting	(1 102 294)	(265 511)
Provision for Bad Debt	(1 629 300)	(601 568)
	3 455 667	2 895 113
Reconciliation of allowance for impairment		
Balance at beginning of the year	(867 079)	(977 909)
Contributions to allowance	(1 765 001)	110 830
	(2 632 080)	(867 079)
Councillors in Arrears		
No Councillors were in arrears with the municipality in 2013 / 2014	Nil	Nil
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand /Float	371	371
Petty cash	31	31
Standard Bank -Account number 052149978 - Current Account	315 267	517 872
Standard Bank -Account number 354264338 - Market Link	5 204 746	17 694 403
FNB - Account number 74104076952 - Business Fixed Maturity Notice	50 776	50 776
	5 571 191	18 263 453
Standard Bank -Account number - 052149978 - Current Account		
Standard Bank -Account number - 354264338 - Market Link		
FNB - Account number - 74104076952 - Business Fixed Maturity Notice		
10. Revaluation reserve		
Opening balance	14 329 907	14 986 809
Change during the year	(657 353)	(656 902)
	13 672 554	14 329 907

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
11. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
MIG	1 090 112	2 289 152
Municipal systems improvement grant	9 520	18 770
MAP	47 028	278 802
Community development workers	11 225	11 225
Corridor development	205 999	205 999
Financial management grant	15 827	32 707
Housing grant	444 068	444 068
Lums grant	46 537	46 537
Soul buddies	2 375	10 464
Sport grant	117	133 905
Pound	-	104 776
Electrification Grant	1 746 008	6 370 172
Unspent grants - Library	901	-
	3 619 718	9 946 578

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
11. Unspent conditional grants and receipts (continued)		
Movement during the year		
Municipal systems improvement grant		
Opening balance	18 770	-
Current year receipts	890 000	800 000
Conditions met - transfer to revenue	(899 250)	(781 230)
Conditions still to be met - transfer to liabilities	9 520	18 770
MAP		
Opening balance	278 802	278 802
Current year receipts	-	-
Conditions met - transfer to revenue	(231 774)	-
Conditions still to be met - transfer to liabilities	47 028	278 802
Community development workers		
Opening balance	11 225	11 225
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	11 225	11 225
Corridor development		
Opening balance	205 999	205 999
Financial management grant		
Opening balance	32 707	73 549
Current year receipts	1 650 000	1 500 000
Conditions met - transfer to revenue	(1 666 880)	(1 540 842)
Conditions still to be met - transfer to liabilities	15 827	32 707
Housing grant		
Opening balance	444 068	444 068
Current year receipts	-	-
Conditions still to be met - transfer to liabilities	444 068	444 068
Lums grant		
Opening balance	46 537	46 537
Current year receipts	-	-
Conditions met - transfer to revenue	-	-
Conditions still to be met - transfer to liabilities	46 537	46 537
Municipal infrastructure grant		
Opening balance	2 289 152	1 639 574
Current year receipts	14 427 000	12 442 000
Conditions met - transfer to revenue	(15 626 040)	(11 792 422)
Conditions still to be met - transfer to liabilities	1 090 112	2 289 152
Soul buddies		
Opening balance	10 464	11 160
Current year receipts	-	-
Conditions met - transfer to revenue	(8 089)	(696)
Conditions still to be met - transfer to liabilities	2 375	10 464

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
11. Unspent conditional grants and receipts (continued)		
Sport grant		
Opening balance	133 905	135 107
Current year receipts	-	150 000
Conditions met - transfer to revenue	(133 788)	(151 202)
Conditions still to be met - transfer to liabilities	117	133 905
Pound Grant		
Opening balance	104 776	980 000
Conditions met - transfer to revenue	(104 776)	(875 224)
Conditions still to be met - transfer to liabilities	-	104 776
Electrification		
Opening balance	6 370 172	2 119 827
Current year receipts	-	7 000 000
Conditions met - transfer to revenue	(4 624 164)	(2 749 655)
Conditions still to be met - transfer to liabilities	1 746 008	6 370 172
Expanded Public Works Programme Grant		
Opening balance	-	-
Current year receipts	1 000 000	-
Conditions met - transfer to revenue	(1 000 000)	-
Conditions still to be met - transfer to liabilities	-	-
Library Grant		
Opening Balance	-	-
Current year receipts	653 000	-
Conditions met - Transfer to revenue	(652 099)	-
Contributions still to be met - transfer to liabilities	901	-
LGSETA		
Current year receipts	12 297	79 212
Conditions met - Transfer to revenue	(12 297)	(79 212)
	-	-
DSD - Social Development Grant		
Current year receipts	51 826	-
Conditions met - Transfer to revenue	(51 826)	-
	-	-
The nature and extent of government grants recognised in the annual financial statements are indication of other forms of government assistance from which the municipality has directly benefited; and		
Non-current liabilities	-	-
Current liabilities	3 619 718	9 946 578
	3 619 718	9 946 578

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

12. Provisions

Reconciliation of provisions - 2014

	Opening Balance	Increase/ (Decrease)	Total
Medical Aid Benefits and Long Service Awards (Long Term)	1 296 351	568 677	1 865 028
Provision for leave	1 196 014	410 665	1 606 679
Medical aid benefits and long service (Short term)	32 445	(13 966)	18 479
	2 524 810	965 376	3 490 186

Reconciliation of provisions - 2013

	Opening Balance	Increase/ (Decrease)	Total
Medical Aid Benefits and Long Service Awards (Long Term)	-	1 296 351	1 296 351
Provision for leave	822 413	373 601	1 196 014
Medical aid benefits and long service (Short term)	-	32 445	32 445
	822 413	1 702 397	2 524 810

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

The Adjustments to provisions for the 2013 Financial year relate to the Retrospective Application of Grap 25 which result in the provision being restated for medical aid benefit and Long Service Award.

Post retirement medical benefits

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

12. Provisions (continued)

POST RETIREMENT MEDICAL BENEFITS

The Council operates a defined medical aid benefit scheme for the benefit of its permanent employees.

Post-retirement medical aid benefits are offered to all employees by subsidising a portion of the medical aid contribution after retirement.

The main assumptions used by the actuary are:

	2014	2013
Discount rate per annum	9.92%	9.56%
Health care cost inflation rate	8.89%	7.85%
Net effective discount rate	0.95%	1.59%
Post -Retirement subsidy		
Retirement age		
Males	65	65
Females	60	60
Mortality during employment	SA 85-90 Ultimate Table adjusted for Female lives	
Mortality post retirement	PA90-1 Ultimate Table rated down one year.	
Number of in-service non-members	38	33
Number of in-service members	27	26
Number of pensioners	0	0
Accrued liability at 30 June	994,256	634,430
Future - service cost	160,714	114,469
Interest cost	98,630	60,933
Expected benefits payments	-	-
Actuarial loss/(gain)	-	184,424
Total annual expense	259,344	359,826
Projected accrued liability at 30 June ensuing year	1,253,600	994,256
Accrued liability at 30 June	994,256	634,430
Short term portion of accrued liability	-	-
Long term portion of accrued liability	994,256	634,430
The effect on the liability of a 1% change in the assumed rate of medical inflation:	Liability	Liability
Central assumptions	(R millions)	(R millions)
1% increase in assumed medical inflation	0.994	
1% decrease in assumed medical inflation	1.252	
	0.767	

Long Service Awards and Retirement Gifts

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
12. Provisions (continued)		
LONG SERVICE AWARDS AND RETIREMENT GIFTS		
The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service.		
The main assumptions used by the actuary are:	2014	2013
Discount rate per annum	8.40%	7.77%
General salary inflation rate (long term)	7.38%	6.40%
Net effective discount rate	0.94%	1.28%
Retirement age		
Males	65	65
Females	60	60
Mortality during employment : SA 85-90 Ultimate Table adjusted for Female lives		
Number of eligible employees	65	59
Accrued liability at 30 June	730,856	575,628
Future - service cost	106,825	85,647
Interest cost	60,607	43,479
Expected benefits payments	-18,479	-32,445
Actuarial loss/(gain)	-	58,547
Total annual expense	148,953	155,228
Projected accrued liability at 30 June ensuing year	879,809	730,856
Accrued liability at 30 June	730,856	575,628
Short term portion of accrued liability	-18,479	-32,445
Long term portion of accrued liability	712,377	543,183
The effect on the liability of a 1% change in the assumed rate of salary inflation:	Liability	Liability
Central assumptions	(R millions)	(R millions)
1% increase in assumed salary inflation	0.731	
1% decrease in assumed salary inflation	0.800	
	0.670	
13. Payables from exchange transactions		
Trade payables	782 433	1 898 345
Other creditors	712 200	307 187
Retention	2 023 336	1 377 733
	3 517 969	3 583 265

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
14. Property rates		
Rates received		
Commercial	8 540 138	7 873 619
Less: Income forgone	(1 501 658)	(1 151 154)
	7 038 480	6 722 465
15. Government grants and subsidies		
Operating grants		
Equitable share	23 921 000	28 180 000
Library - Grant Income	652 099	300 800
DSD - (Social Development - Grant)	51 826	-
Electrification Grant	4 624 164	2 749 655
Financial Management Grant	1 666 881	1 540 841
MAP Grant	231 774	-
MIG	15 626 040	11 792 422
MSIG	899 250	781 229
Sports Grant	133 788	151 201
LGSETA	12 297	79 212
Pound Grant	104 776	875 224
Soul buddies	8 089	696
EPWP Grant	1 000 000	-
	48 931 984	46 451 280
	48 931 984	46 451 280
Equitable Share		
In terms of the Section 227 of the Constitution, this grant is used to enable the Municipality to provide basic services and perform functions allocated to it..		
Equitable share provides funding for the municipality to deliver free basic services to poor households and subsidises the cost of administration and other core services for the municipality.		
16. Other income		
Library Income	10 142	8 920
Clearance Certificates	13 879	15 519
Subscription Library	105	166
Tender Fees	49 095	67 876
Building Plans	194 320	106 223
Decrease in debt impairment	-	110 830
Other Revenue	240	5 060
Library fees	2 445	2 338
Social Welfare	-	26 043
Application fee (Planning)	6 569	18 869
	276 795	361 844

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
17. General expenses		
Stores and Materials	48 533	32 374
Advertising	136 293	181 180
Auditors Fees	1 831 491	1 437 910
Pound Security	49 124	-
Face Value - Licence Card Renewals	182 967	-
Legal Expenses	530 644	168 202
Consumables	117 553	21 191
Valuation Fees	770 707	1 198 579
Landfill Site Fees	97 055	-
Third Parties Expense Account - SARS	328 862	-
Insurance	129 498	707 263
Community development and Training	2 904 495	2 225 333
Conferences and seminars	217 908	143 073
IT expenses	573 014	310 799
Lease rentals on operating lease	74 712	70 704
Levies - Kwa Nologa	450 000	400 000
Licence Renewal	9 353	11 649
Disaster Management	245 171	240 795
Fuel and oil	681 999	488 842
Postage and courier	26 316	37 411
Printing and stationery	253 863	179 320
Art & Culture	262 414	202 985
Protective clothing	61 333	64 163
Banking Security Charges	44 928	54 946
Telephone and fax	445 738	499 922
Training and Development	372 615	378 450
Subsistence and travelling	27 867	30 714
Waste Management	34 807	11 910
Electricity	527 580	687 615
Uniforms	-	7 500
Tourism development	79 574	60 490
Building Control	51 684	49 887
Sport and Recreation	664 754	473 278
Civic and Hospitality	105 641	131 273
Administration Expenses	-	4 531
Consultants Fees	347 304	-
	12 685 797	10 512 289

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
18. Employee related costs		
Basic	13 256 944	11 184 375
Bonus	781 477	881 908
Medical aid - company contributions	704 650	607 455
UIF	106 564	105 518
SDL	147 836	144 972
Leave pay provision charge	702 501	899 129
Cell Phone Allowances	34 976	27 546
Defined contribution plans	2 222 224	1 836 073
Travel, motor car, accommodation, subsistence and other allowances	189 040	133 160
Overtime payments	878 784	734 710
Acting allowances	226 781	118 065
Housing benefits and allowances	43 020	34 666
Bargaining Council Contributions	6 430	5 511
Stipend - Ward Committee	758 000	810 584
	20 059 227	17 523 672
Remuneration of municipal manager		
Annual Remuneration	288 000	288 000
Travel Allowance	36 000	36 000
Back Pay	23 869	8 817
Miscellaneous	499 232	459 626
Leave Pay	83 654	70 334
Bonus	-	70 334
Subsistence and Travelling	23 646	-
Cellphone Allowances	12 000	12 000
	966 401	945 111
Remuneration of chief finance officer		
Acting allowance	65 387	60 827
Remuneration of Manager of Community Services		
Annual Remuneration	264 320	-
Travel Allowance	33 040	-
Acting Allowances	29 581	4 878
Cellphone Allowance	3 776	-
Miscellaneous	4 401	-
	335 118	4 878
Remuneration of Manager Technical Services		
Annual Remuneration	300 000	300 000
Travel Allowance	60 000	60 000
Backpay	19 557	7 342
Leave Pay	43 903	-
Miscellaneous	387 634	352 911
Cell Allowance	9 600	9 600
Bonus	-	36 585
	820 694	766 438
Remuneration of Manager of Corporate Services		
Annual Remuneration	676 000	359 800

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
18. Employee related costs (continued)		
Travel Allowance	60 000	37 160
Miscellaneous	11 634	49 117
Cellphone Allowance	9 600	5 946
Back Pay	19 557	-
	776 791	452 023
19. Remuneration of councillors		
Mayor	649 079	630 982
Deputy Mayor	544 455	504 719
Exco Members	139 887	264 027
Speaker	544 455	504 719
Councillors	2 244 831	1 964 938
	4 122 707	3 869 385
20. Interest received		
Interest Earned from investments	910 428	899 180
Interest charged on trade and other receivables	2 939	180 706
	913 367	1 079 886
21. Gains or losses on biological assets		
22. Auditors' remuneration		
Fees	1 831 491	1 437 910
23. Operating lease		
Operating lease payment represent rentals payable by the municipality for certain of its office photocopying machines. Leases are negotiated for an average term of five years.		
Operating leases - as lessee (expense)		
Minimum lease payment due		
Within One year	89 304	86 208
In second to fifth year inclusive	453 324	253 768
	542 628	339 976

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
24. Cash generated from operations		
Surplus	7 888 440	11 629 410
Adjustments for:		
Depreciation and amortisation	4 039 173	3 546 528
Other Non - Cash flow Items	(783 968)	-
Impairment deficit	-	25 239
Debt impairment	1 765 002	601 568
Movements in provisions	965 376	1 702 397
Changes in working capital:		
Receivables from exchange transactions	116 193	40 573
Consumer debtors	(2 325 556)	(1 753 207)
Other receivables from non-exchange transactions	(11 673)	-
Payables from exchange transactions	(65 290)	1 458 575
VAT	1 115 694	(1 452 832)
Unspent conditional grants and receipts	(6 326 860)	4 000 729
	6 376 531	19 798 980

25. Capital Commitments

25.1. Committed in respect of Capital Expenditure

Approved and contracted for :

• Road Infrastructure	283 642	109 291
• Community Infrastructure	551 916	3 059 247
• Municipal Building	-	2 165 936
• Electrification	338 840	6 370 172
	1 174 398	11 704 646

25.2. Approved and Not Contracted for

• Care Centre	-	1 526 000
• Community Infrastructure	-	6 700 000
• Roads Infrastructure	19 140 000	6 250 000
• Community Services	1 080 000	-
• Other Capital assets	500 000	-
	20 720 000	14 476 000

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand 2014 2013

26. Contingent Liability

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

The municipality is currently involved in the litigation with the following entities and individuals, represented by the following attorneys.

1. Manderstone PDA appeal - The appellants advised that it was their intention to bring a high court review application against the municipality to prove the rezoning. We are expecting the high court application notice shortly and council will then decide whether or not to oppose the application or settle the matter out of court. The expected costs of this application is unknown at this point.

2. Portion 17 of the Farm Honing Krantz - HRF properties has erected building without approved plans and is using the property in conflict with the Town Planning scheme provisions. The municipality has agreed to give HRF properties an opportunity to regularise the situation. The expected costs is unknown at this point.

3. Spar Development - Actions was taken against the developers of spar to enforce compliance with various transgressions of the town planning scheme. The developers appealed to the municipality to allow it time to regularise the transgression. The expected cost is unknown at this point.

4. ERF 149 Camperdown Madressa - A successful order was obtained to prevent unlawful occupation of a building erected without the necessary building plans. A bill of costs was taxed but the municipality decided to settle out court and the municipality will settle the payment of costs issue directly with the Madressa.

5. Excellence at Work Consultants CC - Summons issued the Municipality for an amount of R110 000.00, Expected costs are R150 000.00.

6. Mjajisi Elias Wanda - Claim for damaged crops against the Municipality, Expected costs R 300 198.00.

27. Prior period errors

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

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

Property Plant and Equipment

Previously Restated	-	65 747 739
Rectification of Prior period errors	-	(1 429 955)
Restated Balance	-	64 317 784

Accumulated Surplus

Previously Stated	-	62 305 261
Rectification of Prior period errors	-	(3 356 041)
Restated Balance	-	58 949 220

Intangible Assets

Previously Stated	-	-
Rectification of Prior period errors	-	96 175
Restated Balance	-	96 175

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
27. Prior period errors (continued)		
Impairment Adjustment		
Previously Stated	-	31 093
Rectification of prior period errors	-	(5 854)
Restated Balance	-	25 239
Payables from Exchange transactions		
Previously Stated	-	2 889 802
Rectification of prior period errors	-	693 464
Restated Balance	-	3 583 266
Depreciation Adjustment		
Previously Stated	-	3 084 589
Rectification of Prior period errors	-	461 939
Restated Balance	-	3 546 528
Grants and Subsidies		
Previously Stated	-	6 916 353
Rectification of prior period errors	-	280 209
Restated Balance	-	7 196 562
Contributions to Medical Aid and Long Term Service Award		
Previously Stated	-	-
Rectification of prior period errors	-	1 328 796
Restated Balance	-	1 328 796

28. Risk management

Liquidity risk

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

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

Interest rate risk

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

Credit risk

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

Mkhambathini Municipality

Annual Financial Statements for the year ended 30 June 2014

Notes to the Annual Financial Statements

Figures in Rand	2014	2013
29. Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
30. Irregular expenditure		
Irregular Expenditure - current year	1 476 459	1 198 103
Less: Amounts condoned	-	(1 198 103)
Discovered during 2013 /2014 Audit	292 258	-
Amounts not condoned	1 768 717	-

Irregular expenditure consists of SCM deviations amounting to R1 768 717 during the current period.

Contracts awards in Terms of Section 36 (Deviations from /and ratification of minor breaches of procurement processes of the Supply Chain management policy amounted to R1 768 717. These were mainly due to 3 quotes not being obtained and other SCM processes not being complied with.

31. Related Parties

During the year ,the municipality traded with with Sya Matiwane Trading who provided decorating services to the Municipality to the value of R4500. Mrs K.M Matiwane is employed as a Cyber Cadet at the Camperdown Municipality Library and is the spouse of the owner of Sya Matiwane Trading

32. Deviation from procurement processes

The amount of deviation reported from procurement processes was R438 596.50 for the appointment of a service provider to interface the fixed assets.This was done in terms of regulation 32 of the municipal supply chain regulations..

Irregular expenditure	1 768 717	1 198 103
-----------------------	-----------	-----------

Mkhambathini Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013							2013/2012							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Revenue By Source															
Property rates	6 522 000	-	6 522 000	-		6 522 000	7 038 480		516 480	108 %	108 %				6 722 465
Property rates - penalties & collection charges	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - electricity revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - water revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - sanitation revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - refuse revenue	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Service charges - other	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Donation Income	-	-	-	-		-	49 794		49 794	DIV/0 %	DIV/0 %				-
Interest earned - external investments	730 378	56 000	786 378	-		786 378	913 367		126 989	116 %	125 %				1 079 886
Interest earned - outstanding debtors	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Commission Received	-	-	-	-		-	10 875		10 875	DIV/0 %	DIV/0 %				8 656
Fines	84 800	-	84 800	-		84 800	34 340		(50 460)	40 %	40 %				34 300
Licences and permits	3 127 000	80 000	3 207 000	-		3 207 000	3 542 510		335 510	110 %	113 %				3 182 723
Agency services	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Transfers recognised - operational	35 637 000	1 139 000	36 776 000	-		36 776 000	48 931 984		12 155 984	133 %	137 %				46 451 280
Other revenue	376 233	91 000	467 233	-		467 233	276 795		(190 438)	59 %	74 %				361 844
	-	-	-	-		-	-		-	DIV/0 %	DIV/0 %				-
Total Revenue (excluding capital transfers and contributions)	46 477 411	1 366 000	47 843 411	-		47 843 411	60 798 145		12 954 734	127 %	131 %				57 841 154

Mkhambathini Municipality
Appendix G3
Budgeted Financial Performance (revenue and expenditure)
for the year ended 30 June 2014

	2014/2013								2013/2012						
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget (i.t.o. s28 and s31 of the MFMA)	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Expenditure By Type															
Employee related costs	17 039 000	-	17 039 000	-	-	17 039 000	20 059 227	-	3 020 227	118 %	118 %	-	-	-	17 523 672
Remuneration of councillors	4 101 000	-	4 101 000	-	-	4 101 000	4 122 707	-	21 707	101 %	101 %	-	-	-	3 869 385
Debt impairment	1 000 000	-	1 000 000	-	-	1 000 000	1 765 002	-	765 002	177 %	177 %	-	-	-	601 568
Depreciation & asset impairment	2 237 000	-	2 237 000	-	-	2 237 000	4 039 173	-	1 802 173	181 %	181 %	-	-	-	3 546 528
Finance charges	-	120 000	120 000	-	-	120 000	117 055	-	(2 945)	98 %	DIV/0 %	-	-	-	106 983
Collection Costs	40 000	-	40 000	-	-	40 000	34 414	-	(5 586)	86 %	86 %	-	-	-	173 724
Contribution to Medical Aid and long Service awards	600 000	-	600 000	-	-	600 000	554 711	-	(45 289)	92 %	92 %	-	-	-	1 328 796
Contracted services	50 000	70 000	120 000	-	-	120 000	35 181	-	(84 819)	29 %	70 %	-	-	-	286 173
Transfers and grants	9 000 000	-	9 000 000	-	-	9 000 000	8 912 807	-	(87 193)	99 %	99 %	-	-	-	7 196 562
Other expenditure	7 471 100	-	7 471 100	-	-	7 471 100	12 685 797	-	5 214 697	170 %	170 %	-	-	-	10 512 289
Repairs and Maintenance	2 506 900	-	2 506 900	-	-	2 506 900	583 631	-	(1 923 269)	23 %	23 %	-	-	-	1 040 825
Impairment loss / Reversal of impairments	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	25 239
Total Expenditure	44 045 000	190 000	44 235 000	-	-	44 235 000	52 909 705	-	8 674 705	120 %	120 %	-	-	-	46 211 744
Surplus/(Deficit)	2 432 411	1 176 000	3 608 411	-	-	3 608 411	7 888 440	-	4 280 029	219 %	324 %	-	-	-	11 629 410
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Contributed assets	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2 432 411	1 176 000	3 608 411	-	-	3 608 411	7 888 440	-	4 280 029	219 %	324 %	-	-	-	11 629 410
Taxation	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) after taxation	2 432 411	1 176 000	3 608 411	-	-	3 608 411	7 888 440	-	4 280 029	219 %	324 %	-	-	-	11 629 410
Attributable to minorities	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) attributable to municipality	2 432 411	1 176 000	3 608 411	-	-	3 608 411	7 888 440	-	4 280 029	219 %	324 %	-	-	-	11 629 410
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	DIV/0 %	DIV/0 %	-	-	-	-
Surplus/(Deficit) for the year	2 432 411	1 176 000	3 608 411	-	-	3 608 411	7 888 440	-	4 280 029	219 %	324 %	-	-	-	11 629 410