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Abbreviations

NDPG	Nieghbourhood Development Partnership Grant
MSIG	Municipal System Improvement Grant
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	General Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IMFO	Institute of Municipal Finance Officers
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Members of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
STR	Small Town Rehabilitation Grant
INEP	Integrated National Electrification Programme
HOA	Housing Operating Account

" The City of Heritage "



ULUNDI LOCAL MUNICIPALITY

**Unaudited Annual Financial Statements
for the year ended 30 June 2014**

Compiled by: _____

Reviewed by: _____

Recommended by: _____

Approved by: _____

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

The reports and statement set out below comprise the annual financial statement presented to
Accounting Officer's responsibilities and approval

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ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

General information

Legal form of entity Local Municipality

Municipal demarcation code KZN266

Nature of business and principal activities:

The main business operations of the Municipality is to engage in local governance activities, which includes planning and promotion of integrated development planning, land, economic and environmental development and supplying of the following services to the community rates and general services - All types of services rendered by the Municipality, excluding the following: Housing Services - Supply housing to the community and includes the rental of units owned by the Municipality to public and staff; Waste Management Services - The collection, disposal and purifying of waste, refuse and sewerage; and Electricity Services - Electricity is bought in bulk from Eskom and distributed to the consumers by the Municipality.

Members of the Council

Councillor N.J. Manana (F) Her Worship the Mayor
 Councillor W.M. Ntshangase (M) Honourable Deputy Mayor
 Councillor H.J. Mlambo (M) Honourable Speaker

Councillor J.T. Gasa (M) Member of the Executive Committee
 Councillor R.V. Sibiya (M) Member of the Executive Committee
 Councillor L.N.Z. Buthelezi (F) Member of the Executive Committee
 Councillor S.R. Shwala (M) Member of the Executive Committee
 Councillor G.N. Mtshali (F) Member of the Executive Committee
 Councillor K.P. Ngema (M) Member of the Executive Committee
 Councillor M.S. Gcaba (M) Member of the Executive Committee

Ordinary Council Members

Councillor B.S. Khanyile (M)	Councillor R.B. Nyawo (M)
Councillor F.L. Buthelezi (M)	Councillor S.M. Buthelezi (M)
Councillor H.M. Kubheka (M)	Councillor S.N. Buthelezi (M)
Councillor J.E. Xulu (M)	Councillor S.P. Ximba (F)
Councillor J.M. Khanyile (M)	Councillor S.V. Mdluli (M)
Councillor J.S. Mhlongo (M)	Councillor S.V. Ngcobo (M)
Councillor K.J. Sibiya (M)	Councillor S.Z. Mkhize (M)
Councillor K.M. Sithole (M)	Councillor T.J. Manqele (M)
Councillor M. Mdlalose (M)	Councillor T.K. Mkhize (M)
Councillor M.E. Buthelezi (M)	Councillor T.L. Khumalo (F)
Councillor T.G. Madela (F)	Councillor V.E. Zungu (M)
Councillor M.J. Dlamuka (M)	Councillor W.T. Ndebele (M)
Councillor M.S. Buthelezi (M)	Councillor Z. Siyaya (F)
Councillor M.T. Gasa (M)	Councillor Z.L. Buthelezi (M)
Councillor S. Khumalo (F)	Councillor M.W. Sithole (M)
Councillor N.D. Masondo (M)	Councillor N.Z. Ncala (M)
Councillor Prince N.M. Buthelezi (M)	Councillor P.M. Mthethwa (M)
Councillor V.P. Langa (M)	Councillor S.F. Cindi (F)
Councillor T.B. Sibiya (F)	

Grading of Local Authority Low Capacity

Auditors Auditor-General South Africa

Attorneys Cox & Partners and Bothas Incorporated

Bankers First National Bank

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

General information (continued)

Accounting Officer	Princess S A Buthelezi
Chief Financial Officer (CFO)	Mr J H Mhlongo
Registered Office:	Cnr Princess Magogo & King Zwelithini Roads, Ulundi
Physical address:	Cnr Princess Magogo & King Zwelithini street, Ulundi, 3838
Postal address:	Private Bag X17 Ulundi 3838
Telephone number:	+27 35 874 5100 +27 35 874 5800
Fax number:	+27 35 870 3506
E-mail address:	sabuthelezi@ulundi.gov.za

ULUNDI LOCAL 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 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 she 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 30 June 2015 and, in the light of this review and the current financial position, she is satisfied that the Municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

I certify that the salaries, allowances and benefits of Councillors, and payments made to Councillors for loss of office, if any, as disclosed in note 23 to note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The Annual Financial Statements set out on pages 5 to 33, which have been prepared on the assumption that the municipality will not continue to operate as a going concern for the next 12 months, were approved and signed by the

Municipal Manager: Princess SA Buthelezi

DATE

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014
ASSETS		
Current assets		62 749 867
Cash and cash equivalents	2	9 316 654
Trade and other receivables from exchange transactions	3	43 076 279
Other receivables from non-exchange transactions	4	3 253 135
Inventories	5	1 019 490
VAT receivable	6	6 084 309
Non-current assets		538 062 885
Property, plant and equipment	7	472 633 940
Heritage Assets	7.1	8 401
Investment property	8	65 142 000
Intangible assets	9	286 945
Total assets		600 812 752
LIABILITIES		
Current liabilities		105 788 200
Trade and other payables from exchange transactions	10	99 486 313
Consumer deposits		1 977 460
Current provisions	11	666 544
Current portion of unspent conditional grants and receipts	12	3 568 095
Current portion of long service awards	13	71 629
Current portion of finance lease liability	15	18 159
Non-current liabilities		3 415 371
Non current portion of long service awards	13	3 415 371
Non current portion of finance lease liability	15	0
Total liabilities		109 203 571
NET ASSETS		491 600 591
Reserves	16.1	0
Accumulated surplus / (deficit)	16.2	491 600 591
Total net assets		491 609 181

2013

31 159 128

1 672 093

25 234 137

30 038

871 503

3 351 357

572 811 891

506 842 037

0

65 142 000

827 854

603 971 019

78 744 480

71 974 963

1 463 102

666 544

4 282 771

266 761

90 339

3 238 398

3 220 239

18 159

81 982 878

521 979 551

0

521 979 551

521 988 141

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2014

	Note	2014	2013
Revenue			
Revenue from exchange transactions:			
Property rates	17	42 080 349	22 757 441
Property rates - penalties imposed and collection charges	17	1 086 526	4 835 208
Service charges	18	62 912 421	61 139 395
Rental of facilities and equipment	19	811 460	740 612
Interest earned - external investments	20	532 921	208 855
Revenue from non-exchange transactions:			
Fines	40	5 120 586	2 208 768
Licences and permits		2 241 983	2 246 565
Government grants and subsidies	21	117 858 029	121 830 205
Other income	22	7 075 028	6 110 889
Provision for bad debts adjustment		-	14 330 675
Total Revenue		239 719 303	236 408 613
Expenses			
Employee related costs	23	73 647 488	68 491 916
Remuneration of councillors	24	12 060 117	10 858 682
Bad debts		7 743	19 534 616
Provision for Impairment of Trade Debtors		62 641	-
Depreciation	25	57 750 189	62 920 990
amortisation expense	25	540 909	540 909
Impairment loss	7	-	2 438 335
Repairs and maintenance	14	6 921 522	2 976 057
Finance costs	26	5 601	16 250
Bulk purchases	27	51 489 666	49 248 571
Contracted services	28	41 758 402	39 776 421
General expenses	29	27 096 359	15 878 015
Total Expenses		271 340 638	272 680 762
Gain / (loss) on sale of assets	30	1 242 375	120 000
Change in Accounting Estimate	31	-	-
Profit / (loss) on fair value adjustment	32	-	-
Surplus / (deficit) for the period		(30 378 960)	(36 152 149)

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS AS AT 30 JUNE 2014**

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2014**

	Revaluation Reserve	Surplus/(Deficit)	Total: Net Assets
Balance at 30 June 2012	0	505 710 908	505 710 908
Prior year errors adjusted	0	4 942 788	4 942 788
Adjustment to agree to main ledger balance		39 531	39 531
Adjustment prior year accumulated amortisation overstated		769 241	769 241
Restated balance at 1 July 2012	0		
As previously stated	184 148 961	0	0
Corection of an error	-184 148 961	184 148 961	0
Adjustment to agree to official register of Property,Plant and Equipment		4 134 016	4 134 016
Movement	0		
Restated balance at 30 June 2013	0	510 653 696	510 653 696
Other Prior year adjustments		11 325 855	-111 004 370
Back-dated electricty charges	0	12 884 110	12 884 110
Previous year unallocated receipts		294 143	294 143
As previously stated	122 330 225		122 330 225
Prior period error - assets brought to account at fair value	-122 330 225	122 330 225	0
prior period error:investment property overstated		-176 446 000	-176 446 000
prior period error:PPE understated		52 263 377	52 263 377
Restated balance at 30 June 2013	0	521 979 551	399 649 326
Transfer Depreciation on revalued assets			0
Surplus / (deficit) for the period	0	(30 378 960)	(30 378 960)
Transfer Depreciation on revalued assets			-
Balance at 30 June 2014	0	491 600 591	369 270 366

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
STATEMENT CASH FLOW AS AT 30 JUNE 2014**

	Note	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers and Government		215 762 954	220 394 905
Cash paid to suppliers and employees		(186 434 189)	(191 370 246)
	32	29 328 765	29 024 659
Interest received		532 921	208 855
Interest paid		(5 601)	(16 250)
Net cash flows from operating activities		29 856 085	29 217 264
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(23 918 663)	(30 292 343)
Proceeds from sale of fixed assets		1 283 120	1 900 000
Net cash flows from investing activities		(22 635 543)	(28 392 343)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in consumer deposits		514 357	(22 800)
Repayment of finance lease liability		(90 338)	(177 451)
Decrease in long term liability		-	
Net cash flows from financing activities		424 019	(200 251)
Net increase / (decrease) in net cash and cash equivalents		7 644 561	624 673
Net cash and cash equivalents at beginning of period		1 672 093	1 047 420
Net cash and cash equivalents at end of period	33	9 316 654	1 672 093

ULUNDI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2014

	Approved Budget R	Adjustments R	Final Budget R	Actual R	Actual vs Final budget Variance R	Actual vs Final budget Variance % %
Revenue						
Property rates	23 300 000	-19 795 506	43 095 506	42 080 349	1 015 157	2.41
Property rates - penalties imposed and collection charges	1 800 000	943 611	856 389	1 086 526	(230 137)	-21.18
Service charges	65 523 000	-5 131 000	70 654 000	65 888 603	4 765 397	7.23
Rental of facilities and equipment	470 000	82 000	388 000	811 460	(423 460)	-52.18
Interest earned - external investments	170 000	-10 000	180 000	532 921	(352 921)	-66.22
Fines	4 669 000	1 869 000	2 800 000	2 129 969	670 031	31.46
Licences and permits	3 000 000	453 000	2 547 000	2 241 983	305 017	13.60
Government grants and subsidies	126 954 000	1 489 000	125 465 000	117 858 029	7 606 971	6.45
Other income	171 000	-856 000	1 027 000	7 089 463	(6 062 463)	-85.51
Proceeds on sale on assets						
Provision for bad debts adjustment						
Total Revenue	226 057 000	-20 955 895	247 012 895	239 719 303	7 293 592	
Expenses						
Employee related costs	64 997 000	-6 847 000	71 844 000	73 647 488	(1 803 488)	-2.45
Remuneration of councillors	12 921 000	-173 000	13 094 000	12 060 117	1 033 883	8.57
Bad debts		-6 500 000	6 500 000	7 743	6 492 257	0.12
Provision for Impairment of Trade Debtors				62 641	(62 641)	-100.00
Depreciation and amortisation expense	46 000 000	-18 796 778	64 796 778	58 291 098	6 505 680	11.16
Impairment loss		-1 200 000	1 200 000	-	1 200 000	
Repairs and maintenance	9 024 000	734 000	8 290 000	6 921 522	1 368 478	19.77
Finance costs	300 000		300 000	5 601	294 399	1.87
Bulk purchases	45 940 000	-10 096 000	56 036 000	51 489 666	4 546 334	8.83
Contracted services	58 993 000	-9 315 598	68 308 598	41 758 403	26 550 195	63.58
General expenses	28 946 000	842 598	28 103 402	27 096 359	1 007 043	3.72
Total Expenses	267 121 000	-51 351 778	318 472 778	271 340 638	47 132 140	
Gain / (loss) on sale of assets		-5 910 000	5 910 000	1 242 375	4 667 625	375.70
Change in Accounting Estimate						
Profit / (loss) on fair value adjustment						
Surplus / (deficit) for the period	-41 064 000	24 485 883	-65 549 883	-30 378 960	(35 170 923)	115.77

Explanation of significant variances greater than 10 % versus budget

This depends entirely on the turn- around time of the offenders.

This depends to the number of applications received during the year.

This item was not budgeted for and was only recognised during the year under audit after the adjustment budget season.

Note: This statement of comparison of budget and actual amounts is on the same accounting basis with the rest of the financial statements which is on the accrual basis as well the budget on a the same basis.

STATEMENT OF ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY.PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2014

	Additions	Under Construction	Total Additions	Budgeted Additions	Variance
	R	R	R	R	
Infrastructure					
Roads	14 520 023	3 109 034	17 629 057	20 040 090	-2 411 033
Buildings	-	1 040 532	1 040 532	1 500 000	-459 468
	14 520 023	4 149 566	18 669 589	21 540 090	-2 870 501
Community Assets					
Recreational facilities		4 168 069	4 168 069	7 790 911	-3 622 842
	-	4 168 069	4 168 069	7 790 911	-3 622 842
Other Assets					
Furniture and fittings	44 343		44 343	38 993	5 350
Computer Equipment	262 626		262 626	258 278	4 348
Machinery and equipment	774 036		774 036	764 536	9 500
Vehicles			-		-
	1 081 005	-	1 081 005	1 061 807	19 198
Total	15 601 028	8 317 635	23 918 663	30 392 808	-6 474 145

	Approved Budget	Budget Adjustments	Final Adjustment	Shifting of funds	Final Budget	Audit outcome	Unauthorised	Variance	Audit outcome	Audit outcome	Reported	Expenditure	Balance to be	Restated
		(i.to. S28 and s31 of the MFMA)	Budget	(i. to. S31 of the MFMA)			expenditure		as % of Final Budget	as % of Original Budget	unauthorised expenditure	authorised in terms of s32 of MFMA	recovered	Audit Outcome
	R	R	R			R	R							
Revenue														
Property rates	23 300 000	-19 795 506	43 095 506		43 095 506	42 080 349		1 015 157.00	98	98				
Property rates - penalties imposed and collection charges	1 800 000	943 611	856 389		856 389	1 086 526		-230 137.00	127	127				
Service charges	65 523 000	-5 131 000	70 654 000		70 654 000	65 888 603		4 765 397.00	93	93				
Rental of facilities and equipment	470 000		388 000		388 000	811 460		-423 460.00	209	209				
Interest earned - external investments	170 000	-10 000	180 000		180 000	532 921		-352 921.00	296	296				
Fines	4 669 000	1 869 000	2 800 000		2 800 000	2 129 969		670 031.00	76	76				
Licences and permits	3 000 000	453 000	2 547 000		2 547 000	2 241 983		305 017.00	88	88				
Government grants and subsidies	126 954 000	1 489 000	125 465 000		125 465 000	94 345 364		31 119 636.00	75	75				
Other income	171 000	-856 000	1 027 000		1 027 000	7 089 463		-6 062 463.00	690	690				
Proceeds on sale on assets														
Provision for bad debts adjustment														
Total Revenue	226 057 000	-20 955 895	247 012 895		247 012 895	216 206 638		30 806 257.00						
Expenses														
Employee related costs	64 997 000	-6 847 000	71 844 000		71 844 000	73 647 488		-1 803 488.00	103	103	2 327 166	2 327 166		
Remuneration of councillors	12 921 000	-173 000	13 094 000		13 094 000	12 060 117		1 033 883.00	92	92				
Bad debts		-6 500 000	6 500 000		6 500 000	7 743		6 492 257.00	0	0				
Provision for Impairment of Trade Debtors						62 641		-62 641.00						
Depreciation and amortisation expense	46 000 000	-18 796 778	64 796 778		64 796 778	58 291 098		6 505 680.00	90	90				
Impairment loss		-1 200 000	1 200 000		1 200 000			1 200 000.00						
Repairs and maintenance	9 024 000	734 000	8 290 000		8 290 000	6 921 522		1 368 478.00	83	83				
Finance costs	300 000		300 000		300 000	5 601		294 399.00	2	2				
Bulk purchases	45 940 000	-10 096 000	56 036 000		56 036 000	51 489 666		4 546 334.00	92	92				
Contracted services	58 993 000	-9 315 598	68 308 598		68 308 598	41 758 403		26 550 195.00	61	61				
General expenses	28 946 000	842 598	28 103 402		28 103 402	27 096 359		1 007 043.00	96	96				
Total Expenses	267 121 000	-51 351 778	318 472 778		318 472 778	271 340 638		47 132 140.00	85	85	2 327 166	2 327 166		
Gain / (loss) on sale of assets		-5 910 000	5 910 000		5 910 000	1 242 375		4 667 625.00	21	21				
Transfers recognised capital	24 398 064		24 398 064		24 398 064	23 512 665.00		885 399.00						
Profit / (loss) on fair value adjustment														
Surplus / (deficit) for the period	-41 064 000	24 485 883	-65 549 883		-65 549 883	-30 378 960		-35 170 923.00	46	46				
Capital expenditure and fund sources														
Capital expenditure														
Transfers recognised capital	24 398 064.00		24 398 064.00		24 398 064.00	22 101 325.00		2 296 739.00	91	91				
Public donations & contributions														
Borrowing														
Internally generated funds	1 500 000.00		1 500 000.00		1 500 000.00	1 817 338.00		-317 338.00	121	121				
Total sources of capital funds	25 898 064.00		25 898 064.00		25 898 064.00	23 918 663.00		1 979 401.00						
Cashflows														
Net cash flows from (used) operating activities						29 856 085.00								
Net cash flows from (used) investing activities						-22 635 543.00								
Net cash flows from (used) financing activities						424 019.00								
Cash and cash equivalents at year end						9 316 654.00								

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2014

NO	2014	2013	
2 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand	166 331	198 699	
Cash at bank	6 421 817	1 316 763	
Call deposits	2 728 507	156 631	
	9 316 654	1 672 093	
The Municipality has the following bank accounts: -			
Current Account (Primary Bank Account)			
First National Bank - Ulundi: 62035267609			
Cash book balance at beginning of year	1 311 882	911 567	
Cash book balance at end of year	6 419 103	1 311 882	
Bank statement balance at beginning of year	1 311 882	461 917	
Bank statement balance at end of year	6 419 103	1 311 882	
Call Accounts - FNB			
(FNB 62328066776 Electricity Sales Acc)	1 138 313	2 853	
(FNB 62324120261 DME Account)	9 755	1 536	
(FNB 62062833639 Housing Grant)	70 509	2 469	
(FNB 62067492802 Conditional Grant)	4 945	4 895	
(FNB 62064936093 FMG GRANT)	9 942	13 849	
(FNB 62064936340 Statutory Funds)	2 407	2 032	
(FNB 62064935855 Civic Centre)	1 150	1 139	
(FNB 62067492943 MIG Funds)	96 964	12 375	
(FNB 62067492638 Community Gardens)	1 995	4 945	
(FNB 62033208283 MAP Call)		48	
(FNB 62408436675 DDA)	104 301	100 612	
(FNB 62228583888 MSIG ACC)	4 717	5 974	
(Fnb 62179391190 Investment Acc Main)	828 083	1 913	
(Fnb 62261683471 Ulundi Taxi Rank)	455 426	1 991	
	2 728 507	156 631	
Current Account (Salaries)			
First National Bank - Ulundi Branch: 62033637846			
Cash book balance at beginning of year	4 881	5 000	
Cash book balance at end of year	2 714	4 881	
Bank statement balance at beginning of year	4 881	5 000	
Bank statement balance at end of year	2 714	4 881	
Credit Card account (Petrol purchases)			
First National Bank - 8812710030007004			
Short term deposits			
Deposits on call with banks	2 728 507	156 631	
Cash on hand	166 331	198 699	
Total cash and cash equivalents	9 316 654	1 672 093	
Unutilised Conditional Grants must be ring fenced and separately invested. This was not implemented and amounts invested at year end were insufficient to cover the value of unspent conditional grants , as indicated hereunder:			
Unutilised Conditional Grants	3 388 336	4 182 770	
Amounts invested	2 728 507	156 631	
Shortfall	659 829	4 026 139	
It must be noted that although there was insufficient investments to cover unspent grants by 30 June 2014, however R30 924 078,74 was available as investment by 29 August 2014.			
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
	Gross Balances	Provision for Doubtful Debts	Net Balance
Trade receivables			
as at June 2014			
Service debtors	58 045 479	21 380 420	36 665 059
Rates	63 626 588	57 215 368	6 411 220
Total	121 672 067	78 595 788	43 076 279
Other receivables			
Other receivables	-	-	-
Total Trade and other receivables	121 672 067	78 595 788	43 076 279
as at June 2013			
Service debtors	26 234 652	6 131 978	20 102 674
Rates	77 532 632	72 401 169	5 131 463
Total	103 767 284	78 533 147	25 234 137
Total Trade and other receivables	103 767 284	78 533 147	25 234 137
Rates: Ageing			
Current (0 – 30 days)		(47 468)	2 518 377
31 - 60 Days		(1 563 653)	(854 260)
61 - 90 Days		835 457	681 494
91 - 120 Days		225 658	539 340
121 Days and over		64 176 594	74 647 681
Total		63 626 588	77 532 632

	2014	2013
Electricity and other: Ageing		
Current (0 – 30 days)	17 850 327	14 487 324
31 - 60 Days	(3 635 044)	(2 340 716)
61 - 90 Days	5 618	801 974
91 - 120 Days	3 391 383	(207 209)
121 Days and over	40 433 195	13 493 279
Total	58 045 479	26 234 652
Rates: Ageing		
Current (0 – 30 days)	(47 468)	2 518 377
31 - 60 Days	(1 563 653)	(854 260)
61 - 90 Days	835 457	681 494
91 - 120 Days	225 658	539 340
121 Days and over	64 176 594	71 274 732
Total	63 626 588	74 159 683
3.1 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	78 533 147	91 607 532
Contribution to doubtful debt provision	62 641	
Reversal of provision		(13 074 385)
Balance at end of year	78 595 788	78 533 147
The ageing of amounts past due but not impaired is as follows:		
1 month past due	31-60	397 333
2 months past due	61-90	402 181
Less than 3 months past due		799 514
No government debts have been provided for in the above amount.		5 219 341
		1 165 817
		5 385 158
Trade and other receivables impaired		
As of 30 June 2014, trade and other receivables of R 78 595 529 were impaired and provided for.		
The ageing of these receivables is as follows:		
Over 3 months past due		77 796 015
		75 159 938
		77 796 015
		75 159 938
The fair value of trade and other receivables approximates their carrying amounts.		
4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Other debtors (Petrol deposit)	30 000	30 000
Accrued interest on investments	4 066	38
Sanlam grouplife	217 887	
Traffic fines accruals	2 976 182	
Traffic fines (Fruitless expenses recovery)	25 000	
Total Other Debtors	3 253 135	30 038
	3 253 135	30 038
5 INVENTORIES		
Consumable stores - at cost	1 019 490	871 503
Council has resolved that obsolete stock amounting to R103 103, included in the above amount, must be disposed of in the ensuing year.		
Closing balance of inventories:	1 019 490	871 503
6 VAT RECEIVABLE		
VAT provision	-3 398 974	495 722
VAT receivable	9 483 283	2 855 635
	6 084 309	3 351 357
The municipality accounts for Value Added Tax on the cash basis.		

ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

7 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Heritage assets	Total
	R	R	R	R	R	R	R
Carrying amount as at 01 July 2013	68 140 704	337 769 370	42 094 359	2 111 738	320 072		450 436 243
Cost/Revaluation	83 137 290	760 956 158	54 437 935	9 910 802	945 113		909 387 298
Accumulated depreciation and impairment losses	-14 996 586	-423 186 788	-12 343 576	-7 799 064	-625 041		-458 951 055
Prior period error	52 292 650	2 699 324	1 050 550	486 201	-131 332	8 401	56 405 794
Cost/Revaluation	-210 667	104 013	992 366	-318 375			567 337
Land at valuation	52 263 377						52 263 377
Transfer - cost		-70 400		186 000	-186 000		-70 400
Transfer - accumulated depreciation		70 400		-54 668	54 668		70 400
Heritage asset omitted (Mayoral Chain)						8 401	8 401
Accumulated depreciation and impairment losses	239 940	2 595 311	58 184	673 244		-	3 566 679
Restated carrying amounts as at 01 July 2013	120 433 354	340 468 694	43 144 909	2 597 939	188 740		506 842 037
Cost/Revaluation	135 190 000	760 989 771	55 430 301	9 778 427	759 113	8 401	962 156 013
Accumulated depreciation and impairment losses	-14 756 646	-420 521 077	-12 285 392	-7 180 488	-570 373		-455 313 976
Movements for the year							
Asset value overstated		-335 825					-335 825
Acquisitions/Additions		14 520 023		1 081 005			15 601 028
Capital under Construction	1 040 532	3 109 034	4 168 069				8 317 635
Depreciation for the year	-2 698 593	-51 612 107	-2 015 900	-1 290 378	-133 212		-57 750 190
Disposals - cost					-463 523		-463 523
Disposals - accumulated depreciation					422 778		422 778
Transfers of assets							
Cost/Revaluation							
Accumulated depreciation and impairment losses							
Carrying amount as at June 2014	118 775 293	306 149 819	45 297 078	2 388 566	14 783	8 401	472 633 940
Cost/Revaluation	136 230 532	778 283 003	59 598 370	10 859 432	295 590	8 401	985 275 328
Accumulated depreciation and impairment losses	-17 455 239	-472 133 184	-14 301 292	-8 470 866	-280 807		-512 641 388

Ulundi Municipality
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
Property, Plant and Equipment (continued)

Reconciliation of Carrying Value	Buildings	Infrastructure	Community	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R
Carrying amount as at 01 July 2012	111 609 868	367 776 874	2 755 436	3 329 712	414 810	486 284 302
Cost/Revaluation	131 069 602	735 124 874	3 253 250	10 769 498	2 875 769	882 150 683
Restated Accumulated depreciation and impairment losses	-19 459 734	-367 348 000	-497 814	-7 439 786	-2 460 959	-395 866 381
Prior period error		-39 313			60 809	21 496
Cost/Revaluation		-98 282			-1 930 656	-2 028 938
Accumulated depreciation and impairment losses		58 969			1 991 465	2 050 434
Restated carrying amounts as at 01 July 2012	111 609 868	367 737 561	2 755 436	3 329 712	475 619	486 305 798
Cost/Revaluation	131 069 602	735 026 592	3 253 250	10 769 498	945 113	880 121 745
Accumulated depreciation and impairment losses	-19 459 734	-367 289 031	-497 814	-7 439 786	-469 494	-393 815 947
Movements for the year						
Acquisitions/Additions		24 937 109		1 110 405		26 047 513
Capital under Construction		992 457	3 252 373			4 244 830
Depreciation for the year	-2 946 900	-55 845 961	-2 049 174	-1 923 392	-155 562	-62 920 990
Impairments	-379 424	-51 796	-2 007 114			-2 438 335
Transfers of assets	-40 142 839		40 142 839	58 613		
Cost/Revaluation	-47 932 312		47 932 312	-1 622 727		
Accumulated depreciation and impairment losses	7 789 473		-7 789 473	1 564 114		
Carrying amount as at June 2013	68 140 704	337 769 370	42 094 359	2 111 738	320 072	450 436 242
Cost/Revaluation	83 137 290	760 956 158	54 437 935	9 910 802	945 113	909 387 298
Accumulated depreciation and impairment losses	-14 996 586	-423 186 788	-12 343 576	-7 799 064	-625 041	-458 951 055

The assessment of impairment, review of useful life and the residual values was performed by an independent engineer (AB Project)

7.1 Heritage Assets	2014	2013
Carrying amount at the beginning of the year as at 1 July 2013	0	0
Movements	8401	0
Carrying amount at the end of the year as at 30 June 2014	8401	0

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
8 INVESTMENT PROPERTY CARRIED AT FAIR VALUE		
Carrying amount beginning of the year	65 142 000	243 368 000
Transferred to PPE		-52 263 377
Less prior period error: investment property overstated		-124 182 623
Sales recognised during the year ending 30 June 2014		-1 780 000
	-	-
Carrying amount end of the year	65 142 000	65 142 000

full listing was revalued, and ownership verified by Professional Valuers, Municipal Valuer, Martin Fitchet, BPG Mass Appraisals, and it has been confirmed that the revalued investment properties under the ownership of Ulundi Municipality.

9 Intangible asset

	2014	2013
Opening balance	827 854	1 368 763
Cost	1 622 727	1 622 727
Accumulated amortisation	-794 873	-253 964
Additions	-	-
Amortisation	(540 909)	(540 909)
Closing balance	286 945	827 854
Cost	1 622 727	1 622 727
Accumulated amortisation	-1 335 782	-794 873

**ULUNDI LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2014**

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 9	Revenue From Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After Reporting Date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liability and Contingent Assets
GRAP 21	Impairment of Non Cash Generating Assets
GRAP 23	Revenue From Non Exchange Transactions (Taxes and Trasfers)
GRAP 24	Presentation of Budget Information in the Financial Statements
GRAP 25	Employee Benefits
GRAP 26	Impairment of Non Generating Assets
GRAP 102	Intangible Assets
GRAP 104	Financial Instruments

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality and added and recorded to the nearest rand.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality is in the risk of not continuing to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in note Statement of comparisons of budget and actual amounts to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded 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 the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

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.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

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.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.2 SUBSEQUENT MEASUREMENT -REVALUATION MODEL (LAND, BUILDINGS AND INFRASTRUCTURE ASSETS)

Subsequent to initial recognition, land, buildings, and other infrastructure assets are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

The revaluation surplus is transferred to the Accumulated Surplus as the asset is used. The annual amount transferred is equal to the additional annual depreciation arising from the revaluation of the asset.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated as it is deemed to have an indefinite useful life.

Derecognition

The carrying amount of items of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

2.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	Other	
Roads and Paving	10-20 Buildings	30
Pedestrian Malls	30 Air Conditioners	7
Electricity	25 Vehicles and tractors	7
Sewerage	20 Office equipment	5
	Furniture and fittings	10
	computer software	3
Community	Machinery and Equipment	7
Buildings	30 Tools	5
Recreational Facilities	10 Radio	5
	Computer equipment	3

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

2.4

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only 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.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset 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.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential.

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. The values were determined by the Municipal Valuers, and Civil engineers appointed for the purpose, and the valuation process was completed during the financial year ending 30 June 2013.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair

5 INVENTORIES

5.1 INITIAL RECOGNITION

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

5.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

6 FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

6.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The entity does not offset a financial asset or financial liability unless a legally enforceable right to offset the recognised amounts currently exist, and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Fair value measurement assumption. The fair values of financial instruments are determined as follows: The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not

6.2 The effective interest rate

The effective interest rate method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

6.3 Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

6.4 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

6.3.1 INVESTMENTS

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

6.3.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

6.3.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

6.3.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

6.3.5 Initial recognition

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

7 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

8 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.

9 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful 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.

10 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met: - the principal locations affected; the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and when the plan will be implemented; and

(a) The municipality has a detailed formal plan for the restructuring identifying at least: - the business or part of a business concerned; the principal locations affected; the location, function, and approximate number of employees who will be compensated for terminating their services; - the expenditures that will be undertaken; and when the plan will be implemented.

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

11 LEASES

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

11.1 Finance leases - lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease payments. The corresponding liabilities are initially recognised at the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

11.2 Finance leases - lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

11.3 Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/ liability. Any contingent rents are expensed in the period they are incurred.

11.4 Operating leases - lessor

Operating lease income is recognised as revenue on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in statement of financial performance.

12 REVENUE

12.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

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

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations 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 qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

12.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

13 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

14 CONSTRUCTION CONTRACTS AND RECEIVABLES

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by [the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs OR surveys of work done OR completion of a physical proportion of the contract work].

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

15 IMPAIRMENT OF ASSETS

15.1 Cash generating assets

Identification:

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

Value in use:

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life. When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Discount rate:

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

Recognition and measurement:

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

15.2 Non-cash generating assets

Identification:

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset. If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined. The recoverable service amount of an asset or a non-cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Value in use:

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset is determined using the following approach: Depreciated replacement cost approach: Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset 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 an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

An impairment loss is recognised for non-cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit. The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated. 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 had no impairment loss been recognised for the asset in prior periods.

The municipality assesses at each reporting date whether there is any indication that an 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 municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

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

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows: '- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

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 had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

16 Employee benefits

16.1 Long service awards

The present value of the long service award depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The Projected Unit Credit funding method has been used to determine the value of this liability.

16.4 Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted. The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected costs of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

16.5 Defined contribution plans

Council employees contribute to the Natal Joint Municipal Pension Fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. A defined contribution plan is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods. The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

17 Budget

The municipality's budget has been prepared on accrual basis method.

18 Commitments

Commitments are not recognised. Commitments are disclosed in the notes to the annual financial statements. A commitment is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

19 Value Added Tax

The municipality accounts for Value Added Tax on the cash basis.

ULUNDI LOCAL MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2014

	Note	2 014	2013
10 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS			
Trade creditors		52 703 677	32 993 006
Workmans Compensation Fund		1 325 460	1 115 396
Unpresented cheques		26 989 275	20 509 300
Payments received in advance		6 770 589	4 874 274
Retentions		1 880 336	3 446 006
Staff leave accrual		6 175 584	5 306 937
Deposits other		418 813	363 176
Land Sales Suspense		3 222 579	3 366 868
Total creditors		99 486 313	71 974 963
11 PROVISIONS			
Performance bonus		666 544	666 544
		666 544	666 544
<p>Performance bonuses for Section 57 Employees were provided for as outlined in the "Performance Regulations" promulgated by the Department of Provincial and Local Government on the 1st August 2006.</p> <p>The movement in current provisions are reconciled as follows: -</p> <p>as at 1 July 2013</p>			
Contributions to provision		666 544	666 544
Expenditure incurred		0	0
as at 30 June 2014		666 544	666 544
12 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
Unspent Conditional Grants from other spheres of Government		3 568 095	4 282 771
		3 568 095	4 282 771
<p>See Note 20 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.</p>			
13 LONG SERVICE LEAVE AWARDS			
Accrued liability on 30 June 2013		3 487 000	3 129 239
Current service cost			322 000
Interest cost			266 000
Benefits paid		-71 629	-670 451
Current portion of long service			266 761
Actuarial loss/(Gains)			173 451
Accrued liability on 30 June 2014		3 415 371	3 487 000
<p>The valuation was done by ZAQEN Actuaries registered with the Actuarial Society Of South Africa.</p>			
14 REPAIRS AND MAINTANANCE			
Buildings		92 982	209 675
Equipment		600 122	310 917
Fencing		324 953	
Network		3 590 833	1 912 576
Roads maintenance		1 032 080	322 796
Streetlights		1 230 104	16 283
Kiosk and Substations		445	203 810
Airconditioners		50 003	0
		6 921 522	2 976 057
15 FINANCE LEASE LIABILITY			
Amounts payable under finance leases			
Within one year		18 159	90 338
Within two to five years			18 159
		18 159	108 498
16.1 ACCUMULATED SURPLUS			
(Deficit) / Surplus for the year		394 404 436	509 884 455
Other accumulated surplus		-30 378 960	(36 152 149)
		424 783 396	559 214 857
16.2 Reserves			
Revaluation Reserve		0	122 330 414
		0	-
		0	122 330 414

	2 014	2013
Revenue from exchange transactions		
17 PROPERTY RATES		
Actual		
Residential	9 354 616	7 487 248
Commercial	10 014 765	5 281 679
Agriculture	2 105 947	1 896 230
State	23 012 478	10 282 390
	44 487 806	24 947 547
Rates Rebates	-2 407 457	(2 190 106)
	42 080 349	22 757 441
Property rates - penalties imposed and collection charges	1 086 526	4 835 208
Total	43 166 874	27 592 649
Valuations		
Residential	814 385 000	515 589 000
Commercial	477 495 000	252 874 000
State	1 010 395 000	686 451 000
Agricultural	719 872 200	611 422 000
Non-Rateable	144 695 000	123 954 000
Total Property Valuations	3 166 842 200	2 190 290 000
<p>Valuations on land and buildings are performed every four years. The latest valuation was completed on 31 March 2013, and came into effect on 1 July 2013 to 30 June 2017.</p> <p>A municipality must regularly, but at least once a year, update its valuation roll by causing-</p> <p>(a) a supplementary valuation roll to be prepared, if section 78 applies; or</p> <p>(b) the valuation roll to be amended, if section 79 applies.</p> <p>78 Supplementary valuations</p> <p>(1) A municipality must, whenever necessary, cause a supplementary valuation to be made in respect of any rateable property-</p> <p>(a) incorrectly omitted from the valuation roll;</p> <p>(b) included in a municipality after the last general valuation;</p> <p>(c) subdivided or consolidated after the last general valuation.</p>		
18 SERVICE CHARGES		
Sale of electricity	55 968 469	56 544 630
Refuse removal	6 943 952	4 594 765
	62 912 421	61 139 395
Total Service Charges		
19 RENTAL OF FACILITIES AND EQUIPMENT		
Rental of facilities	811 460	740 612
Rental of equipment		0
Other rentals		0
Total rentals	811 460	740 612
20 INTEREST EARNED - EXTERNAL INVESTMENTS		
Investments	532 921	208 855
Total interest	532 921	208 855
Revenue from non exchange transactions		
21 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	85 599 000	77 992 000
Conditional Grants utilised	32 259 029	43 838 205
Total Government Grant and Subsidies	117 858 029	121 830 205
21.1 Equitable Share		
<p>In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100 % monthly subsidy for rates which is funded from the grant.</p>		
	85 599 000	77 992 000

	2014	2013
21.2 MIG Grant		
Balance unspent at beginning of year	0	1 488 833
Current year receipts	27 381 000	26 700 000
Conditions met - transferred to revenue	-26 495 601	(28 188 833)
Conditions still to be met - remain liabilities	885 399	-
21.3 Grant - Thusong Service Centre		
Balance unspent at beginning of year	532 164	0
Current year receipts		750 000
Adjustment 2012/2013		
Conditions met - transferred to revenue	-532 164	(217 836)
Conditions still to be met - remain liabilities	0	532 164
21.4 Grant - Skills Development		
Balance unspent at beginning of year	94 147	138 635
Current year receipts	209 304	120 652
Conditions met - transferred to revenue		(165 140)
Conditions still to be met - remain liabilities	303 451	94 147
21.5 Grant - Finance Management		
Balance unspent at beginning of year	480	0
Current year receipts	1 550 000	1 500 000
Conditions met - transferred to revenue	-1 548 020	(1 499 520)
Conditions still to be met - remain liabilities	2 460	480
21.6 Grant - Development Planning		
Balance unspent at beginning of year	191 559	191 559
Current year receipts		
Conditions met - transferred to revenue	-108 091	
Conditions still to be met - remain liabilities	83 468	191 559
21.7 Grant - Tourism		
Balance unspent at beginning of year	216 582	116 582
Current year receipts	50 000	100 000
Conditions met - transferred to revenue	-35 255	
Conditions still to be met - remain liabilities	231 327	216 582
21.8 Grant - sector plan		
Balance unspent at beginning of year	181 737	181 737
Current year receipts		
Conditions met - transferred to revenue	-181 737	
Conditions still to be met - remain liabilities	0	181 737
21.9 Grant - LUMS		
Balance unspent at beginning of year	48 177	48 177
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	48 177	48 177
21.10 Grant - housing		
Balance unspent at beginning of year	36 172	36 172
Current year receipts	63 180	
Conditions met - transferred to revenue	-36 172	
Conditions still to be met - remain liabilities	63 180	36 172
21.11 Grant - anti corruption		
Balance unspent at beginning of year	8 474	8 474
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	8 474	8 474
21.12 Grant - library equipment		
Balance unspent at beginning of year	5 461	5 461
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	5 461	5 461
21.13 Grant - MFMA implementation		
Balance unspent at beginning of year	104 513	104 513
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	104 513	104 513
21.14 Grant - GIS		
Balance unspent at beginning of year	15 934	15 934
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	15 934	15 934
21.15 Grant - inter departmental monitoring		
Balance unspent at beginning of year	63 780	63 780
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	63 780	63 780
21.16 Grant - EPWP		
Balance unspent at beginning of year	0	
Current year receipts	1 000 000	1 000 000
Conditions met - transferred to revenue	-1 000 000	(1 000 000)
Conditions still to be met - remain liabilities	0	-
21.17 Grant - MSIG		
Balance unspent at beginning of year	1 311	
Current year receipts	890 000	800 000

Conditions met - transferred to revenue	-508 877	(798 689)
Conditions still to be met - remain liabilities	382 434	1 311
21.18 Grant - strategic planning		
Balance unspent at beginning of year	4 362	4 362
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	4 362	4 362
21.19 Grant - MDIS support		
Balance unspent at beginning of year	125 000	125 000
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	125 000	125 000
21.20 Grant - performance management		
Balance unspent at beginning of year	42 864	42 864
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	42 864	42 864
21.21 Grant - MDPCB		
Balance unspent at beginning of year	80 000	80 000
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	80 000	80 000
21.22 Grant - capacity building		
Balance unspent at beginning of year	234 500	234 500
Current year receipts		
Conditions met - transferred to revenue	-146 384	
Conditions still to be met - remain liabilities	88 116	234 500
21.23 Grant - human resources policies		
Balance unspent at beginning of year	29 698	29 698
Current year receipts		
Conditions met - transferred to revenue	-29 698	
Conditions still to be met - remain liabilities	0	29 698
21.24 Grant - investment plan		
Balance unspent at beginning of year	200 000	200 000
Current year receipts		
Conditions met - transferred to revenue	-198 000	
Conditions still to be met - remain liabilities	2 000	200 000
21.25 Grant - REDS		
Balance unspent at beginning of year	150 000	150 000
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	150 000	150 000
21.26 Grant - sportsfields		
Balance unspent at beginning of year	77 036	77 036
Current year receipts	281 579	
Conditions met - transferred to revenue	-44 060	
Conditions still to be met - remain liabilities	314 555	77 036
21.27 Grant - corridor development		
Balance unspent at beginning of year	535 575	535 575
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	535 575	535 575
21.28 Grant - electricity supply to households		
Balance unspent at beginning of year	1 275 681	8 010 547
Current year receipts	3 000 000	8 000 000
Conditions met - transferred to revenue	-4 275 681	(14 734 866)
Conditions still to be met - remain liabilities	0	1 275 681
21.29 Grant - implementation of municipal governance		
Balance unspent at beginning of year	26 384	26 384
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	26 384	26 384
21.30 Grants - HV Cable Tester		
Balance unspent at beginning of year	460	460
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	460	460
21.31 Grants - Basic Bookkeeping Training		
Balance unspent at beginning of year	1 212	1 180
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	1 212	1 180
21.32 Grants - Parallel Feeders		
Balance unspent at beginning of year	-492	-492
Current year receipts		
Conditions met - transferred to revenue		
Conditions still to be met - remain liabilities	-492	(492)
21.33 Grants - library		
Balance unspent at beginning of year	0	0
Current year receipts	839 901	451 000
Conditions met - transferred to revenue	-839 901	(451 000)
Conditions still to be met - remain liabilities	0	-
Total unspent grants for the year	3 568 094	4 282 739
22 OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS		
Other income	3 354 417	3 168 442
VAT Recovery - Projects funded from Grant	3 720 611	2 942 447
Total Other Income	7 075 028	6 110 889
23 EMPLOYEE RELATED COSTS		
Employee related costs - Salaries and Wages	43 154 430	41 407 522
Employee related costs - Contributions for UIF, pensions and medical aids	15 593 400	14 824 731
Travel, motor car, accommodation, subsistence and other allowances:	4 845 377	3 922 079
Housing benefits and allowances	124 096	128 075
Overtime payments	2 043 188	1 422 371
Performance and other bonuses	4 204 929	2 611 201
Other employee related costs	3 682 066	3 979 319

WCA
Employee Related Costs

	196 618
73 647 488	68 491 916

Remuneration of the Municipal Manager

Annual Remuneration	801 190	746 688
Performance- and other bonuses	123 505	
Travel, motor car, accommodation, subsistence and other allowances	226 159	226 159
Contributions to UIF, Medical and Pension Funds	1 785	1 713
Total	1 152 640	974 560

Remuneration of the Acting Municipal Manager

Acting allowance	100 402	
Total	100 402	0

Remuneration of the Chief Finance Officer

Annual Remuneration	680 785	644 681
Performance- and other bonuses	92 629	
Travel, motor car, accommodation, subsistence and other allowances	84 509	84 509
Contributions to UIF, Medical and Pension Funds	1 785	1 713
Total	859 707	730 903

Remuneration of the Manager Corporate Services

Annual Remuneration	598 413	635 479
Performance- and other bonuses	92 629	
Travel, motor car, accommodation, subsistence and other allowances	190 534	84 509
Contributions to UIF, Medical and Pension Funds	1 785	1 713
Total	883 361	721 701

Remuneration of Individual Executive Directors

	Technical Services	Community Services	Protection Services
2014			
Annual Remuneration	652 549	664 450	685 538
Performance- and other bonuses	92 629		92 629
Travel, motor car, accommodation, subsistence and other allowances	117 498	84 509	84 509
Contributions to UIF, Medical and Pension Funds	1 785	1 785	1 785
Total	864 461	750 744	864 461

	Technical Services	Community Services	Protection Services
2013			
Annual Remuneration	584 190	560 275	644 681
Performance- and other bonuses	-	36 673	0
Travel, motor car, accommodation, subsistence and other allowances	154 000	84 509	84 509
Contributions to UIF, Medical and Pension Funds	1 713	61 284	1 713
Total	739 903	742 741	730 903

24 REMUNERATION OF COUNCILLORS		2014	2013
Executive Mayor		702 168	627 018
Speaker		314 240	271 590
Executive Committee Members		2 913 001	2 976 362
Councillors		4 375 121	3 650 583
Councillors' allowances		3 755 588	3 333 129
Total Councillors' Remuneration		12 060 117	10 858 682
Breakdown on EXCO Members salaries and allowances			
24,1,1	NJ Manana (Mayor)	398 967	
	Salary	28 067	
	Salary backpay	169 457	
	Travelling	0	
	Travelling Backpay	-774	
	Med. Aid Adj.	0	
	Med. Aid B/pay	20 868	
	Phone	3 600	
	Data card	4 210	
	Pension co.contr	0	
	Pension backpay		
	Total earnings	59 845	
	Pension	17 928	
	Medical Aid		
		702 168	
24,1,2	MW Ntshangase(S001061) (Deputy Mayor)	316 169	
	Salary	22 454	
	Salary backpay	135 569	
	Travelling	0	
	Travelling Backpay	-3 951	
	Med. Aid Adj.	0	
	Med. Aid B/pay	19 872	
	Phone	3 600	
	Data card	0	
	Phone backpay	3 368	
	Pension co.contr	0	
	UIF Repay	0	
	Pension backpay		
	Total earnings	21 231	
	Medical Aid	47 425	
	Pension	0	
		565 736	
24,1,3	HJ Mlambo (S001043) (Speaker)	167 131	
	Salary	12 350	
	Salary backpay	74 561	
	Travelling	0	
	Travelling Backpay	17 280	
	Med. Aid Adj.	0	
	Med Aid backpay	12 396	
	Phone	3 600	
	Data card	1 852	
	Pension Co. contr.	0	
	Pension Backpay		
	Total earnings	25 070	
	Pension		
		314 240	
24,1,4	RV Sibiyi(S001063)	155 746	
	Salary	11 578	
	Salary backpay	69 901	
	Travelling	0	
	Travelling Backpay	17 280	
	Med. Aid Adj.	0	
	Med. Aid B/pay	12 396	
	Phone	3 600	
	Data card	25 099	
	Pension co.contr	0	
	Pension backpay	0	
	UIF Repayment	0	
	Sundry Refund		
	Total earnings	0	
	Pension	0	
	Pension backpay		
		295 599	
24,1,5	MS Gcaba(S001059)	155 746	
	Salary	11 578	
	Salary backpay	69 901	
	Travelling	0	
	Travelling Backpay	17 280	
	Med. Aid Adj.	12 396	
	Phone	3 600	
	Data card	25 099	
	Pension co.contr	0	
	Pension Backpay	0	
	UIF Repay		
	Total earnings	0	
	Pension	0	
		295 599	

24,1,6	LNZ Buthelezi(S001058)		155 746	
	Salary		11 578	
	Salary backpay		69 901	
	Travelling		0	
	Travelling Backpay		17 280	
	Med. Aid Adj.		12 396	
	Phone		3 600	
	Data card		25 099	
	Pension co.contr		0	
	Pension Backpay		0	
	UIF Repay			
	Total earnings		0	
	Medical Aid		0	
	Pension			
			295 599	
24,1,7	KP Ngema(S001018)		155 746	
	Salary		11 578	
	Salary backpay		69 901	
	Travelling		17 280	
	Med. Aid Adj.		12 396	
	Phone		3 600	
	Data card		25 099	
	Pension Co. contr.		0	
	UIF Repay			
	Total earnings		0	
	Pension			
			295 599	
24,1,8	SR SHWALA(S001064)		155 746	
	Salary		11 578	
	Salary backpay		69 901	
	Travelling		17 280	
	Med. Aid Adj.		12 396	
	Phone		3 600	
	Data card		25 099	
	Pension Co. contr.		0	
	UIF Repay			
	Total earnings		0	
	Pension			
			295 599	
24,1,9	GN Mtshali(S001057)		155 746	
	Salary		11 578	
	Salary backpay		69 901	
	Travelling		-2 137	
	Med. Aid Adj.		12 396	
	Phone		3 600	
	Data card		1 737	
	Pension Co. contr.		0	
	UIF Repay			
	Total earnings		19 417	
	Medical Aid		23 362	
	Pension			
			295 599	
24,1,10	SV Ngcobo(S001005)		135 810	
	Salary		19 357	
	Salary backpay		65 241	
	Travelling		17 280	
	Med. Aid Adj.		13 808	
	Phone		3 300	
	Data card		2 400	
	Pension Co. contr.		0	
	UIF Repay			
	Total earnings		0	
	Medical Aid		20 875	
	Pension			
			278 071	
24,1,11	JT Gasu (S001016)		155 746	
	Salary		11 578	
	Salary backpay		69 901	
	Travelling		17 280	
	Med. Aid Adj.		12 396	
	Phone		3 600	
	Data card		25 099	
	Pension Co. contr.			
	UIF Repay			
	Total earnings			
	Medical Aid			
	Pension			
			295 599	
	Total for EXCO Members		3 929 409	

24.2 Breakdown on Ordinary Councillors salaries and allowances

24,2,1	MT Gasas(S001004)				
	Salary		109 172		
	Salary backpay		9 187		
	Traveling		50 837		
	Travelling Backpay		0		
	Phone		12 396		
	Data card		3 600		
	Med.Aid Adj.		17 280		
	Sundry refund		0		
	Pension co.contr		17 639		
	Pension backpay		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		0		
	Pension Backpay		0		
			220 111		
24,2,2	SN Buthelezi(S001006)				
	Salary		109 172		
	Salary backpay		9 187		
	Traveling		50 837		
	Travelling Backpay		0		
	Phone		12 396		
	Data card		3 600		
	Med. Aid Adj.		17 280		
	Sundry refund		0		
	Pension co.contr		1 263		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		16 376		
			220 111		
24,2,3	SP Ximba(S001013)				
	Salary		109 172		
	Salary backpay		9 187		
	Traveling		50 837		
	Travelling Backpay		0		
	Phone		12 396		
	Data card		3 600		
	Med. Aid Adj.		-427		
	Pension co.contr		1 263		
	UIF Repay		0		
	Total earnings				
	Medical Aid		17 707		
	Pension		16 376		
			220 111		
24,2,4	BS Khanyile(S001034)				
	Salary		109 172		
	Salary backpay		9 187		
	Traveling		50 837		
	Travelling Backpay		0		
	Phone		12 396		
	Data card		3 600		
	Med.Aid Adj.		17 280		
	Pension co.contr		0		
	Pension pay back		1 263		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		16 376		
			220 111		
24,2,5	KM Sithole(S001035)				
	Salary		109 172		
	Salary backpay		9 187		
	Traveling		50 837		
	Phone		0		
	Med.Aid Adj.		12 396		
	Pension Backpay		3 600		
	Phone		17 280		
	Data card		0		
	Pension Co. contr.		17 639		
	Pension pay back		0		
	UIF Repay		0		
	Total earnings				
	Pension		0		
			220 111		
24,2,6	SZ Mkhize(S001036)				
	Salary		109 172		
	Travelling		50 837		
	Phone		12 396		
	Data card		3 600		
	Med.Aid Adj.		-427		
	Pension Co. contr.		1 263		
	Salary backpay		9 187		
	Total earnings				
	Medical Aid		17 707		
	Pension		16 376		
			220 111		
24,2,7	MS Buthelezi(S001037)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med.Aid Adj.		17 280		
	Phone		12 396		
	Data card		3 600		
	Pension Co. contr.		1 263		
	Pension pay back		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		16 376		
			220 111		
24,2,8	ME Buthelezi(S001041)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med.Aid Adj.		-774		

	Phone		12 396		
	Data card		3 600		
	Sundry refund		0		
	UIF Repay		0		
	Pension Co. contr.		1 263		
	Pension Backpay		0		
	Total earnings				
	Medical Aid		18 054		
	Pension		16 376		
			220 111		
24,2,9	KJ Sibiya (S001075)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med. Aid Adj.		-2 304		
	Phone		12 396		
	Data card		3 600		
	Sundry refund		0		
	Pension Co. contr.		17 639		
	Pension Backpay		0		
	Total earnings				
	Medical Aid		19 584		
	Pension		0		
			220 111		
24,2,10	RB Nyawo(S001052)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med. Aid Adj.		17 280		
	Phone		12 396		
	Data card		3 600		
	Pension Co. contr.		1 263		
	Pension Backpay		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		16 376		
			220 111		
24,2,11	TM Buthelezi(S001053)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med. Aid Adj.		-320		
	Phone		12 396		
	Data card		3 600		
	Pension Co. contr.		1 263		
	Pension Backpay		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		17 600		
	Pension		16 376		
			220 111		
24,2,12	SF Cindi(S001054)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med. Aid Adj.		3 949		
	Phone		12 396		
	Data card		3 600		
	Pension Co. contr.		1 263		
	Pension Backpay		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		13 331		
	Pension		16 376		
			220 111		
24,2,13	Z Siyaya(S001055)				
	Salary		109 172		
	Salary backpay		9 187		
	Travelling		50 837		
	Travelling Backpay		0		
	Med. Aid Adj.		17 280		
	Phone		12 396		
	Data card		3 600		
	Pension Co. contr.		1 263		
	Pension Backpay		0		
	UIF Repay		0		
	Total earnings				
	Medical Aid		0		
	Pension		16 376		
			220 111		

24,2,14 ND Masondo(S001029)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,15 SV Mdluli(S001021)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		17 639		
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		0		

220 111

24,2,16 WT Ndebele(S001032)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,17 VP Langa(S001031)

Salary		89 573		
Salary backpay		9 187		
Travelling		42 364		
Travelling Backpay		0		
Med. Aid Adj.		14 400		
Phone		10 330		
Data card		3 000		
Pension Co. contr.				
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		13 436		

182 290

24,2,18 NZ Ncala(S001028)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension pay back		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,19 M Mdlalose(S001033)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		2 563		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension pay back		0		
UIF Repay		0		
Total earnings				
Medical Aid		14 717		
Pension		16 376		

220 111

24,2,20 JE Xulu(S001038)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension pay back		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,21 TL Khumalo(S001044)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension pay back		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,22 ZL Buthelezi(S001046)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension pay back		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,23 JS Mhlongo(S001048)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,24 MW Sithole(S001042)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Backpay		17 639		
Pension Co. contr.		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		0		

220 111

24,2,25 PM Mthethwa(S001050)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		758		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		0		
Pension Backpay		17 639		
UIF Repay		0		
Total earnings				
Medical Aid		16 522		
Pension		0		

220 111

24,2,26 HS Sibiyi(S001056)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
UIF Repay		0		
Total earnings				
Medical Aid		0		
Pension		16 376		

220 111

24,2,27 TK Mkhize (S001001)

Salary		109 172		
Salary backpay		9 187		

Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		4 651		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		12 629		
Pension		16 376		
		220 111		

24,2,28 SM Buthelezi (S001079)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		-4 381		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings		21 661		
Medical Aid		16 376		
Pension				
		220 111		

24,2,29 HM Kubheka (S001067)

Salary		256 354		
Salary backpay		24 124		
Travelling		112 689		
Travelling Backpay		0		
Med. Aid Adj.		10 080		
Phone		18 460		
Data card		3 600		
Pension Co. contr.		2 021		
Pension Backpay		0		
Medical Aid		0		
UIF Repayment		0		
Tax Refund		0		
Total earnings		7 200		
Medical Aid		29 874		
Pension				
		464 401		

24,2,30 TJ Manqele (S001025)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

24,2,31 TG MADELA (S001039)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

24,2,32 JM Khanyile (S001027)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

24,2,33 FL Buthelezi (S001008)

Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

		220 111		
24,2,34 S KHUMALO (S001080)				
Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

		220 111		
24,2,35 MJ DLAMUKA (S001085)				
Salary		109 172		
Salary backpay		9 187		
Travelling		50 837		
Travelling Backpay		0		
Med. Aid Adj.		17 280		
Phone		12 396		
Data card		3 600		
Pension Co. contr.		1 263		
Pension Backpay		0		
Medical Aid		0		
Tax Refund		0		
Total earnings				
Medical Aid		0		
Pension		16 376		
		220 111		

Total remuneration for EXCO Members

8 130 708

Total councillors remuneration

12 060 117

In-kind Benefits

The Executive Mayor, Deputy Mayor, Speaker and Executive Committee Members are provided with an office and secretarial support at the cost of the Council.

25 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation - Finance lease assets
Amortisation
Property, plant and equipment
Total Depreciation and Amortisation

	155 562
540 909	540 909
57 750 189	62 765 428
58 291 098	63 461 899

26 FINANCE COSTS

Finance lease interest
Total Interest paid

5 601	16 250
5 601	16 250

27 BULK PURCHASES

Electricity
Total Bulk Purchases

51 489 666	49 248 571
51 489 666	49 248 571

28 CONTRACTED SERVICES

Contracted services for:

Hire of equipment
Hire of offices
Hire of Vehicles
Professional fees
Animal pound
Cash handling fee
Commision : Sale pre-paid Electricity
Grant : Sector plan
Grant expenditure - FMG
Grant : Rural housing projects
Grant: Tourism
Indigent burials
Insurance
Legal expenses
Publicity
Telephone cost
Transport
Private Security Service
Refuse Removal contracts
Software and licenses
Grant expenditure- MPRA
Grant expenditure - MIG
Grant expenditure - MSIG
Grant expenditure - Eletrification of households
Grant expenditure - Thusong Service Centre
Grant expenditure - Admin Capacity building
Grant expenditure - Sports & recreation ifrastruture
Grant expenditure - Project Consolidate-Human resource
Grant expenditure - Housing plan
Grant expenditure - Investment plan
Grant expenditure - development plan

638 327	636 614
267 179	264 541
4 524 057	4 081 053
1 477 052	996 418
589 186	
141 054	72 532
1 366 197	776 033
181 737	-
1 368 242	1 290 956
55 421	-
4 637	-
831 705	875 833
524 927	60 053
3 055 596	152 741
359 505	1 197
1 751 285	1 369 014
2 966 743	1 466 354
5 246 039	5 009 017
5 609 207	5 358 842
1 916 855	2 012 368
0	42 800
1 715 539	1 549 965
481 515	798 689
5 776 903	12 961 400
418 084	
131 647	
5 060	
29 698	
31 730	
198 000	
95 274	-
41 758 402	39 776 421

29 GENERAL EXPENSES

Included in general expenses are the following:-

Accomodation
Advertising
Admin fees paid
Ammunition
Arts and Culture

	2 014	2013
223 827		263 734
308 887		104 000
		22 623
		4 290
195 000		37 950

Audit fees - External	1 822 225	1 714 502
Audit fees - Internal	18 840	-
Audit fees - Audit committee	2 360	-
Bank charges	129 554	113 729
Cash shortages	2 793	1 750
Children holiday programme	718 619	-
Civic entertainment	557 447	25 235
Conference fees	15 487	5 930
Decorations	-	2 965
Delivery - Consumer accounts	56 210	77 862
Disaster relief	838 484	877
Entertainment / Refreshments	114 300	51 646
Electricity consumption-departmental	87 634	-
Expendable tools	42 743	94 563
Fertilizer & Compost	7 490	-
Fuel and oil - machinery	920	13 526
Free basic Services - Electricity	731 071	663 076
Fruitless and wasteful expenses	9 090 446	2 025 128
Highmasts & streetlights	227 908	-
HIV/AIDS Projects	864 692	-
IDP projects	268 060	12 538
Inventry adjustment	2 332	-
LED projects	892 942	-
Library material	43 258	6 361
License fees	749 735	-
Local mayoral sports cup	614 250	264 210
Mayoral functions	1 204 247	71 930
Medical examination fees	1 600	4 112
Membership fees	684 128	433 108
Out of pocket expenses	68 952	-
Periodicals	671	-
Printing and stationery	1 763 527	1 205 402
Projects tourism	89 280	114 555
Promotional material	-	8 310
Quality Special projects/Grass cutting	361 750	68 745
Refuse bags	275 688	697 136
Refuse recepticles	20 800	9 890
Repeater licence fee	227	-
Small tools	-	1 083
Stamps and postage	13 069	1 790
Stocks and material	228 791	124 387
Study aid - Staff	2 543	11 594
Training	514 179	169 640
Travel and subsistence	426 162	391 356
Trees and shrubs	-	15 845
Uniforms & overalls	477 759	241 332
Valuation costs	601 400	1 928 781
Ward committees	544 948	215 675
Water charges	962 877	1 152 513
WCA	210 067	-
Note: It Weed killers and insecticides	16 180	17 335
general Contribution to long service awards	-	3 487 001
	27 096 359	15 878 015

	2014	2013	
30 GAIN / (LOSS) ON SALE OF ASSETS			
Gain on sale of land	1 283 120	210 000	
Loss on sale of land		(90 000)	
Vehicles & Other Moveables	-40 745	-	
Total Gain / (Loss) on Sale of Assets	1 242 375	120 000	
31 CHANGE IN ACCOUNTING ESTIMATE			
Total	0	-	
32 CASH GENERATED BY OPERATIONS			
(Deficit)/ Surplus for the year	-30 378 960	(49 330 402)	-30 378 960
Adjustment for:-			
Prior year	335 825	(758 706)	335 825
Depreciation and amortisation	58 291 099	65 900 234	58 291 099
(Gain) / loss on sale of assets	-1 242 375	(120 000)	
Doubtful debt provision written back		(14 330 665)	
Bad debts		19 534 616	
Contributions to provisions	62 641	3 487 000	
Finance costs	5 601	16 250	
Interest earned	-532 921	(208 855)	
		-	-17 904 782
Operating surplus before working capital changes:	26 540 910	24 189 472	-3 223 097
(Increase)/decrease in inventories	-147 987	105 371	
(Increase)/decrease in trade receivables	-17 904 783	(9 596 602)	
(Increase)/decrease in other receivables	-3 223 097	1 695 403	-714 677
(Increase)/decrease in prepayments			
Adjustment to provisions - current			
(Increase)/decrease in VAT receivable	-2 732 952	829 354	
Increase/(decrease) in conditional grants and receipts	-714 676	(7 634 232)	
Increase/(decrease) in trade payables	27 511 350	19 435 893	
Cash generated by/(utilised in) operations	29 328 765	29 024 659	
33 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise the following:			
Bank balances and cash	9 316 654	1 672 093	
Net cash and cash equivalents (net of bank overdrafts)	9 316 654	1 672 093	
UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE			
34 DISALLOWED			
NB: Council has recommended condonement but still awaiting for National Treasury's final approval			
34.1 Fruitless and wasteful expenditure			
Reconciliation of unauthorised fruitless and wasteful expenditure			
Opening balance	2 025 128	8 758 759	
Fruitless and wasteful expenditure current year	9 115 446	2 025 128	
Approved by Council or condoned	0	(8 758 759.00)	
Unauthorised fruitless and wasteful expenditure awaiting authorisation	11 140 574	2 025 128	
34.2 Irregular expenditure			
Opening balance	27 915 225		
Irregular expenditure current year	12 682 770	27 915 225	
Condonement or written off recommended by Council	0		
Transfer to receivables for recovery – not condoned			
Irregular expenditure awaiting condonement	40 597 995	27 915 225	
34.3 Unauthorised expenditure			
Reconciliation of unauthorised expenditure			
Opening balance	2 327 166	7 505 896	
Unauthorised expenditure current year	20 489 047	2 327 166	
Approved by Council or condoned	0	(7 505 896.00)	
Transfer to receivables for recovery			
Unauthorised expenditure awaiting authorisation	22 816 213	2 327 166	
34.4 Deviations			

Deviations for the year reported to Council

Emergencies

1 098 656

1 489 108

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

2 014

2013

35.1 Contributions to organised local government

Opening balance

Council subscriptions

684 128

369 633

Amount paid - current

-684 128

(369 633.06)

Amount paid - previous years

Balance unpaid (included in payables)

0

-

35.2 Audit fees

Opening balance

78 101

Current year audit fee

1 822 225

1 718 452

Amount paid - current year

-1 822 225

(1 640 350.87)

Amount paid - previous years

-78 101

Balance unpaid (included in payables)

0

78 101

35.3 VAT

Opening balance

2 855 635

4 109 736

Current year output vat

-10 611 028

(5 654 762.00)

Current year input vat

23 270 653

12 611 607

Amount paid current year

283 251

607 867

Sundry adjustments

-6 315 227

(8 791 073.00)

Amount refunded by SARS - current

Amount due by SARS

9 483 284

2 855 635

VAT receivables and payables are shown in note 6. All VAT returns have been submitted by the due date throughout the year. During the year certain transactions affecting VAT in a particular period were processed after the relevant VAT return had been submitted to SARS. The amounts underclaimed will be recovered during the ensuing year.

35.4 PAYE and UIF

Opening balance

2 798 363

Current year payroll deductions

9 510 254

8 800 791

Amount paid - current year

-8 730 642

(6 002 427.68)

Amount paid - previous years

-2 798 363

Balance unpaid (included in payables)

779 613

2 798 363

35.5 Pension and Medical Aid Deductions

Opening balance

1 865 134

Current year payroll deductions and Council Contributions

11 377 966

15 363 513

Amount paid - current year

-7 510 787

(13 498 378.63)

Amount paid - previous years

-1 865 134

Balance unpaid (included in payables)

3 867 179

1 865 134

35.6 Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

Total

Outstanding less than 90 days

Outstanding more than 90 days

as at 30 June 2014

F L Buthelezi

6 724

1 532

5 192

Total Councillor Arrear Consumer Accounts

as at 30 June 2013

F L Buthelezi

6 742

124

6 618

36 CAPITAL COMMITMENTS

2 014

2013

36.1.1 Commitments in respect of capital expenditure

- Approved and contracted for

34 000 000

35 381 000

Infrastructure

29 000 000

27 381 000

Community

5 000 000

8 000 000

Heritage

0

-

Other

0

-

- Approved but not yet contracted for

Infrastructure

0

0

Community

0

-

Heritage

0

-

Other (Buildings)

0

580 000

Total

34 000 000

35 381 000

This expenditure will be financed from:

- External Loans

34 000 000

35 961 000

- Government Grants

0

580 000

- Own resources

34 000 000

36 541 000

36.1.2 Commitments towards operations

13 713 723

20 800 222

34 000 000

36 541 000

Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee
Within one year

80 664	4 735 903
1 372 801	1 597 757
1 453 465	6 333 660

Greater than one year
Total

OPERATING LEASES CONSIST OF THE FOLLOWING:

Operating lease payments represent rentals payable by the municipality for certain of its office properties and motor vehicles. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable

RETIREMENT BENEFIT INFORMATION
PENSION FUND INFORMATION

37

37.1 Defined contribution plan

Certain Councillors and Certain employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last statutory actuarial valuation was performed as at 31 March 2012. The Actuary advised that the fund is 90.6% funded. The surcharge has been increased from 17% to 17.5% and the repayment period be extended from 5 to 8 years, at which time the deficit is expected to be fully funded.

37.1.1 SUPERANNUATION FUND

The Actuary advised that the valuation disclosed that, for the fund overall, the liabilities for service to the valuation date were 96% funded. The actuarial valuation disclosed that the fund was in deficit. A surcharge of 9.5% of pensionable salaries has been imposed for 8 years from 1 July 2012 to meet the deficit.

The actuary has recommended the following

37.1.2. It is recommend that the local authorities continue to pay the current contribution

rate of 21.63% of pensionable salaries to be reviewed as at 31 March 2013

37.3 Provident Fund

Certain Councillors and employees belong to defined benefit retirement funds administered by the Natal Joint Municipal Pension Fund. These funds are subject to a triennial actuarial valuation. The last valuation was performed in 2009.

The act

38 CONTINGENT LIABILITY

38.1 Claim for damages

The following matters are currently on the roll of the high court and as at balance sheet date the following amounts represent possible liabilities, they are an estimate from the Municipality's attorneys.

D.N. Nzimande on behalf of S.E. Nzimande vs Ulundi Municipality

0 6 000 000

G.M. Zondo on behalf of L.Z. Zondo vs Ulundi Municipality

2 000 000 3 000 000

The Municipality is being sued by these ratepayers for damages arising from incidents relating to electric shock injuries sustained.

9 000 000 9 000 000

Municipality is being sued. The basis of the action is that the Municipality failed to take delivery of motor vehicles that they ordered in terms of a tender process. The Municipality is alleging that the motor vehicles were returned, after the service provider failed to adhere to the specifications and a notice of cancellation was given.

11 000 000 11 000 000

The arbitrator will find that the Municipality will have to pay the full amount outstanding together with costs. This will be estimated to be R500 000-00. (the claim plus costs)

500 000 500 000

Mabaso case, the municipality is defending the matter, pleadings not yet closed

150 000

Amangwane shopping mall, municipality defending the matter, pleading not yet closed.
Clout media case, municipality defending the matter awaiting triala date.

312 000
400 000

21 362 000 20 500 000

39 RELATED PARTIES

There were no related party transactions during the 2013/2014 financial year.

40 TRAFFIC FINES

An amount of R39 882 926 was outstanding at 30 June 2014, the collection rate was 7% based on past history collection pattern as a result an amount of R2 976 182 was accrued.

Cash received
Traffic fines as per
GRAP 1

2 208 768

2 208 768

41 EVENTS AFTER THE REPORTING DATE

There have been no events after the reporting date that require disclosure.

42 KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

No areas have involved a significant degree of estimation, uncertainty or judgements made by management in applying the municipalities accounting policies and that have a material and significant affect on the amounts recognised in the financial statements.

43 DISTRIBUTION LOSSES

The municipality incurred distribution losses on Electricity amounting to approximately 31 820 652 units for the year ending 30 June 2013, this loss amounted to approximately . These losses are calculated as the difference between power supplies purchased and sales recorded.

Number of consumers (Residential and Commercial)

Units purchased (kwh)

Units sold (total)

Units lost in distribution

% Lost in distribution

Average Cost per unit purchased

TOTAL COST OF DISTRIBUTION LOSSES

77 278 800	77 824 874
60 326 017	46 004 222
16 952 783	31 820 652
22	40.89
2	0.6390
39 839 040	20 136 514

44 RISK MANAGEMENT

44.1 Maximum credit risk exposure

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or consumer contract, leading to financial loss. The municipality is exposed to credit risk from its operating activities (primarily for trade receivables)

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

Trade receivables comprise a widespread customer base. Management evaluates 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 as

121 672 067 87 215 822

Credit risk from balances with banks and financial institutions is managed by the municipality's finance and management committee in accordance with the municipality's policy. Investments of surplus funds are made only with approved counterparties and with

Counterparty credit facilities are reviewed by MANCO on an annual basis , and may be updated throughout the year subject to approval by EXCO.

Financial assets exposed to credit risk at year end were as follows:

First National Bank Call Investments

2 728 507 56 019

These balances represent the maximum exposure to credit risk.

44.2 Liquidity risk

2 014 2013

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.

44.3 GOING CONCERN

These Annual Financial Statements have been prepared on the assumption that due to cashflow situation which had a negative impact on the operations it must be noted though, that in August 2012 and August 2013, this Municipality hosted a Strategic Planning Session which resulted to the following:

1. Drafting of a Cash Flow Management Policy - Out of the Cash Flow Management Policy a Cash Flow Committee was established with the following terms of

RESULTS REALISED IN 2013/ 2014 FINANCIAL YEAR

- 1.1 Monthly expenditure was greatly minimised by limiting outgoing trips and also overtimes were closely monitored.
- 1.2 Hotel accommodation was only provided to the Mayor and the rest should go for a private accommodation and claim R350.00 from the Municipality.
- 1.4 All Executive Directors are not allowed to claim after travelling officially until the Cash Flow situation improves.
- 1.5 By cutting down all the above Expenditure, the Municipality was able to meet some of the most important obligations which are Medical Aid, Insurance
- 1.6 After engagement with the ITC TransUnion with the view to clean database of debtors a report was issued by TransUnion in May 2013 where the
- 1.7 Faulty commercial meters in the CBD areas were identified and they have now been replaced and therefore correct billing is realised and as a result an
- 1.8 As at 30 June 2014 the Eskom debt was sitting at R52 million, meaning that it had increased by R23 million from 30 June 2013. The challenge

44.4 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.

45 Correction of prior period error

Financial Statements

During the current financial year, the Municipality corrected errors in the previous year's financial statements. The comparative amounts have been appropriately

restated

Statement of Financial performance

Contracted services

Contracted services per audited AFS

adjustment

Restated figure

33 711 707

6 064 714

39 776 421

General expenses

General expenses per audited AFS

21 942 729

adjustment	(6 064 714)
Restated figure	15 878 015

Other Income-previously disclosed	5 816 746
Add previous year unallocated receipts transferred to income	294 143
	6 110 889

Service charges	48 255 285
Back-dated electricity charges	12 884 110
	61 139 395

After upgrading the electricity infrastructure correct meters were installed and it transpired that the old meters were undercharging thus resulting to electricity loss. Therefore that amount of R12 884 110 was arrived at after effecting back-billing.

Statement of Financial position

Consumer Debtors - previously disclosed	11 998 152
Adjustment to agree to main ledger balance	57 733
Add previous year unallocated receipts transferred to income	294 143
Back-dated electricity charges	12 884 110
Revised - Consumer Debtors	25 234 138

Inventories - previously disclosed	871 767
Adjustment to agree to main ledger balance	-264
Revised -Inventories	871 503

Trade and other payables from exchange transactions - previously disclosed	71 957 024
Adjustment to agree to main ledger balance	17 939
Revised - Trade and other payables from exchange transactions	71 974 963

Property, plant and equipment - previously disclosed	450 436 243
Heritage assets omitted	8 401
Land at valuation previously included under investment property	52 263 377
Adjustment to agree to official register of Property, Plant and Equipment	4 134 016
Revised Property, plant and equipment	506 842 037

Investment property previously disclosed	241 588 000
Less transferred to PPE	-52 263 377
Less prior period error: investment property overstated (duplicated investment property)	-2 000 000
Less prior period error: investment property overstated	-122 182 623
	65 142 000

Intangible assets-previously disclosed	58 613
Adjustments-accumulated amortisation overstated	769 241
	827 854

Heritage assets omitted	8 401
	8 401

Accumulated surplus - previously disclosed	505 710 908
Adjustment to agree to main ledger balance	39 531
Adjustment to agree to official register of Property, Plant and Equipment	4 134 016
Adjustments-accumulated amortisation overstated	769 241

Add previous year unallocated receipts transferred to income	294 143
Back-dated electricity charges	12 884 110
Less prior period error: investment property overstated (duplicated investment property)	-2 000 000
Less prior period error: investment property overstated	-122 182 623
Asset brought into account at fair value incorrectly credited to revaluation reserve instead of revenue	122 330 225
Revised - Accumulated Surplus	521 979 551

Revaluation reserve - previously disclosed	122 330 414
Heritage assets omitted	8 401
Asset brought into account at fair value incorrectly credited to revaluation reserve instead of revenue	-122 330 225
Revised revaluation reserve	8 590

Prior years error in respect of the Revaluation Reserve

FINANCIAL YEAR	REVALUATION RESERV ACCUMULATED SURPLUS	
2009/2010		
CORRECTION OF ERROR	-398 565 134	398 565 134
2010/2011		
CORRECTION OF ERROR	-338 096 075	338 096 075
2011/2012		
CORRECTION OF ERROR	-184 148 961	184 148 961
2012/2013		
Correction of an error	-122 330 225	122 330 225

This relates to prior year errors in regards to the recognition of revaluation reserves on the out assets to the value of R380 718 064. The error has been corrected by reversing the revaluation reserve to the accumulated surplus for all the prior years. Also the current value for the asset is now R122 330 225 which has been accounted accordingly to the accumulated surplus and the revaluation reserve.