Mandeni Municipality
Annual Financial Statements
for the year ended 30 June 2014

INDEX

Abbreviations

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally 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	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
NDPG	Neighbourhood Development Programme Grant

GENERAL INFORMATION

Legal form of entity	Municipality
Nature of business and principal activities	Service delivery

MEMBERS OF EXECUTIVE COUNCIL

Mayor and Chairman of the Executive Committee	Cllr SB Zulu
Deputy Mayor	Cllr PM Sishi
Speaker (Ex-Officio)	Cllr MPP Zungu
Members of the Executive Committee	Cllr BL Magwaza
	Cllr MS Mdunge
	Cllr S Ndlovu
	Cllr BP Mngadi
Other councillors	Cllr MT Cele
	Cllr EL Dube
	Cllr EK Dube
	Cllr HM Gumede
	Cllr P Gumede
	Cllr NE Hlabisa
	Cllr BA Khumalo
	Cllr CT Kumalo
	Cllr NP Masondo
	Cllr GPS Mathonsi
	Cllr XH Mathonsi
	Cllr LR Mbonambi
	Cllr LR Mdletshe
	Cllr X Mdletshe
	Cllr SS Mdunge
	Cllr ZM Mhlongo
	Cllr JM Mkhize
	Cllr MC Mkhaliphi
	Cllr N Msimango
	Cllr K Naidoo
	Cllr CZ Ngcobo
	Cllr BW Ngiba
	Cllr NF Ntuli
	Cllr N Reddy
	Cllr JS Zibani
	Cllr MM Ziqubu
	Cllr GN Zungu

GENERAL INFORMATION

Senior management	LH Mapholoba - Municipal Manager
	RN Hlongwa - Chief Financial Officer
	Z Mngadi - Director: Corporate Services
	R Sewdular - Director: Technical Services
	Z N Mcineka - Director: Public Safety and Community Services
	S Khuzwayo - Director: Economic Development, Planning and Human Settlement

GENERAL INFORMATION

Auditors	Auditor-General
Bankers	First National Bank
Registered office	Mandeni Municipal Office 02 Kingfisher Road MANDENI 4490
Business address	02 Kingfisher Road MANDENI 4490
Postal address	P O Box 144 MANDENI 4490
Attorneys	Shepstone and Wylie Ngidi and Co. Mathew Fransis Inc.
Telephone number	032 - 456 8200
Fax number	032 - 456 2504
Email address	info@mandeni.gov.za
Grading of local authority	3 Low capacity municipality
Jurisdiction	Mandeni Boundary (as determined by the Demarcation Board)

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

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

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 80, in terms of Section 126(1) of the Municipal Finance Management Act (Act 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 27 of these annual financial statements are within the upper limits of the framework envisaged in the Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Corporative Governance of Traditional Affairs' determination in accordance with this Act.

Accounting Officer
LH MAPHOLOBA

MANDENI

29 August 2014

Statement of Financial Position as at 30 June 2014

	Note(s)	2014 R	2013 R
ASSETS			
Current Assets			
Cash and cash equivalents	3	618,524	13,670,678
Call investment deposits	4	60,286,785	59,802,840
Receivables from exchange transactions	5	11,029,342	2,859,560
Receivables from non-exchange transactions	6	18,317,516	26,433,322
Inventories	7	666,865	499,448
VAT receivable	14	-	83,559
		90,919,032	**103,349,407**
Non-Current Assets			
Investment property	8	46,606,200	23,162,509
Property, plant and equipment	9	260,710,000	231,763,100
Intangible assets	10	-	68,863
		307,316,200	**254,994,472**
Total Assets		**398,235,232**	**358,343,879**
LIABILITIES			
Current Liabilities			
Finance lease obligation	17	164,255	-
Payables	12	7,673,113	8,124,516
Consumer deposits	13	1,535,215	1,340,897
Unspent conditional grants and receipts	16	15,297,156	11,133,497
VAT payable	18	707,483	-
		25,377,222	**20,598,910**
Non-Current Liabilities			
Finance lease obligation	17	405,124	-
Employee benefit obligation	15	10,986,004	9,730,505
		11,391,128	**9,730,505**
Total Liabilities		**36,768,350**	**30,329,415**
Net Assets		**361,466,882**	**328,014,464**
NET ASSETS			
Reserves			
Housing development fund		1,723,106	1,672,986
Accumulated surplus	11	359,743,760	326,341,478
Total Net Assets		**361,466,866**	**328,014,464**

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2014 R	2013 R
Revenue			
Property rates	20	27,411,174	33,472,174
Property rates - penalties imposed	20	5,477,042	5,134,908
Service charges	21	17,662,764	16,801,170
Rental of facilities and equipment	22	267,238	269,820
Interest received - external investments	23	3,563,627	2,808,908
Fines		778,711	93,010
Licences and permits		44,555	-
Government grants & subsidies	24	114,787,730	93,022,164
Other income	25	4,765,234	3,933,516
Retirement benefit and long term service contributions reversal	15	-	613,569
Total revenue		**174,758,075**	**156,149,239**
Expenditure			
Employee related costs	26	(47,445,632)	(32,929,564)
Remuneration of councillors	27	(9,159,265)	(8,028,532)
Retirement benefit and long term service contributions		(1,255,499)	(124,231)
Debt impairment	28	(17,857,081)	(7,103,747)
Depreciation and amortisation	29	(18,632,384)	(18,773,345)
Collection costs		(32,772)	(66,039)
Bulk purchases	31	(8,128,413)	(7,437,324)
Contracted services	32	(10,970,825)	(10,038,792)
Grants and subsidies paid	33	(3,865,888)	(3,283,731)
Repairs and maintenance	34	(10,451,086)	(8,708,454)
General Expenses	35	(36,927,563)	(24,664,492)
Total expenditure		**(164,726,408)**	**(121,158,251)**
Operating surplus		**10,031,667**	**34,990,988**
Loss on disposal of assets and liabilities		(264,647)	(354,632)
Inventories: (Write down)/reversal of write down to Net Realisable Value		(226)	(12)
		(264,873)	**(354,644)**
Surplus for the year		**9,766,794**	**34,636,344**

STATEMENT OF CHANGES IN NET ASSETS

	Housing development fund R	Accumulated surplus R	Total net assets R
Balance at 01 July 2012	**1,626,901**	**291,512,390**	**293,139,291**
Changes in net assets			
Prior year adjustments	-	192,744	192,744
Net income (losses) recognised directly in net assets	-	192,744	192,744
Surplus for the year	-	34,636,344	34,636,344
Total recognised income and expenses for the year	-	34,829,088	34,829,088
Interest on housing deposit account capitalised	46,085	-	46,085
Total changes	46,085	34,829,088	34,875,173
Opening balance as previously reported	1,672,986	326,341,474	328,014,460
Adjustments			
Correction of errors	-	23,635,492	23,635,492
Balance at 01 July 2013 as restated*	**1,672,986**	**349,976,966**	**351,649,952**
Changes in net assets			
Surplus for the year	-	9,766,794	9,766,794
Interest on housing deposit account capitalised	50,120	-	50,120
Total changes	50,120	9,766,794	9,816,914
Balance at 30 June 2014	**1,723,106**	**359,743,760**	**361,466,866**

Cash Flow Statement

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Receipts			
Taxation		41,718,290	18,833,391
Sale of goods and services		116,070	19,174,742
Grants		118,166,443	94,030,876
Interest income - external investments		3,513,507	2,762,823
		163,514,310	134,801,832
Payments			
Employee costs		(56,604,897)	(40,958,086)
Suppliers		(71,268,731)	(53,833,228)
		(127,873,628)	(94,791,314)
Net cash flows from operating activities	36	**35,640,682**	**40,010,518**
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(47,775,066)	(30,510,721)
Proceeds from sale of property, plant and equipment	9	-	689,942
Proceeds from sale of investment property	8	-	48,000
Purchase of call investment deposits		(483,945)	-
Net cash flows from investing activities		**(48,259,011)**	**(29,772,779)**
Cash flows from financing activities			
Interest income		50,120	46,085
Net increase/(decrease) in call investment deposits, and cash and cash equivalents		**(12,568,209)**	**10,283,824**
Call investment deposits, and Cash and cash equivalents at the beginning of the year	37	73,473,518	63,189,694
Call investment deposits, and Cash and cash equivalents at the end of the year	37	**60,905,309**	**73,473,518**

Statement of Comparison of Budget and Actual Amounts

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
2014											
Financial Performance											
Property rates	25,764,000	-	25,764,000	-		25,764,000	32,888,216		7,124,216	128 %	128 %
Service charges	18,606,000	-	18,606,000	-		18,606,000	17,662,764		(943,236)	95 %	95 %
Investment revenue	2,000,000	-	2,000,000	-		2,000,000	3,563,627		1,563,627	178 %	178 %
Transfers recognised - operational	80,781,000	1,670,000	82,451,000	-		82,451,000	82,613,990		162,990	100 %	102 %
Other own revenue	1,566,000	-	1,566,000	-		1,566,000	5,855,738		4,289,738	374 %	374 %
Total revenue (excluding capital transfers and contributions)	**128,717,000**	**1,670,000**	**130,387,000**	**-**		**130,387,000**	**142,584,335**		**12,197,335**	**109 %**	**111 %**
Employee costs	(43,142,000)	-	(43,142,000)	-	-	(43,142,000)	(47,445,632)	-	(4,303,632)	110 %	110 %
Remuneration of councillors	(9,021,000)	-	(9,021,000)	-	-	(9,021,000)	(9,159,265)	-	(138,265)	102 %	102 %
Debt impairment	(2,842,000)	-	(2,842,000)			(2,842,000)	(17,857,081)	-	(15,015,081)	628 %	628 %
Depreciation and asset impairment	(2,000,000)	-	(2,000,000)			(2,000,000)	(18,632,384)	-	(16,632,384)	932 %	932 %
Materials and bulk purchases	(24,050,000)	-	(24,050,000)	-	-	(24,050,000)	(8,128,413)	-	15,921,587	34 %	34 %
Other expenditure	(53,927,000)	-	(53,927,000)	-	-	(53,927,000)	(63,768,506)	-	(9,841,506)	118 %	118 %
Total expenditure	**(134,982,000)**	**-**	**(134,982,000)**	**-**	**-**	**(134,982,000)**	**(164,991,281)**	**-**	**(30,009,281)**	**122 %**	**122 %**
Surplus/(Deficit)	**(6,265,000)**	**1,670,000**	**(4,595,000)**	**-**		**(4,595,000)**	**(22,406,946)**		**(17,811,946)**	**488 %**	**358 %**

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Transfers recognised - capital	31,857,000	19,193,000	51,050,000	-		51,050,000	32,173,740		(18,876,260)	63 %	101 %
Contributions recognised - capital and contributed assets	31,431,000	(13,306,000)	18,125,000	-		18,125,000	-		(18,125,000)	- %	- %
Surplus (Deficit) after capital transfers and contributions	**57,023,000**	**7,557,000**	**64,580,000**	**-**		**64,580,000**	**9,766,794**		**(54,813,206)**	**15 %**	**17 %**
Surplus/(Deficit) for the year	**57,023,000**	**7,557,000**	**64,580,000**	**-**		**64,580,000**	**9,766,794**		**(54,813,206)**	**15 %**	**17 %**
Capital expenditure and funds sources											
Total capital expenditure	(57,023,000)	(7,557,000)	(64,580,000)	-		(64,580,000)	(44,227,507)		20,352,493	68 %	78 %
Sources of capital funds											
Transfers recognised - capital	31,857,000	1,670,000	33,527,000	-		33,527,000	29,004,822		(4,522,178)	87 %	91 %
Borrowing	-	-	-	-		-	581,973		581,973	DIV/0 %	DIV/0 %
Internally generated funds	25,166,000	5,887,000	31,053,000	-		31,053,000	14,640,712		(16,412,288)	47 %	58 %
Total sources of capital funds	**57,023,000**	**7,557,000**	**64,580,000**	**-**		**64,580,000**	**44,227,507**		**(20,352,493)**	**68 %**	**78 %**

Appropriation Statement

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
	R	R	R	R	R	R	R	R	R	R	R
Cash flows											
Net cash from (used) operating	62,044,000	-	62,044,000	-		62,044,000	35,640,682		(26,403,318)	57 %	57 %
Net cash from (used) investing	(68,889,000)	-	(68,889,000)	-		(68,889,000)	(48,259,011)		20,629,989	70 %	70 %
Net cash from (used) financing	-	-	-	-		-	50,120		50,120	DIV/0 %	DIV/0 %
Net increase/(decrease) in cash and cash equivalents	**(6,845,000)**	**-**	**(6,845,000)**	**-**		**(6,845,000)**	**(12,568,209)**		**(5,723,209)**	**184 %**	**184 %**
Cash and cash equivalents at the beginning of the year	73,369,000	-	73,369,000	-		73,369,000	73,473,518		104,518	100 %	100 %
Cash and cash equivalents at year end	**66,524,000**	**-**	**66,524,000**	**-**		**66,524,000**	**60,905,309**		**5,618,691**	**92 %**	**92 %**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand. All figures have been rounded to the nearest Rand.

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

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

1.1 Presentation of currency

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables and loans and receivables

The municipality assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by economic factors such as inflation and interest rate.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note - Provisions.

Useful lives of waste and water network and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and intangible assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Post retirement benefits

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows under GRAP 13 while the government bond rate was used to discount future cash flows under GRAP 25.

Allowance for debt impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.3 Going concern - assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 Investment property

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

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

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

1.4 Investment property (continued)

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

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent measurement - Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The municipality applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality is able to reliably measure the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

1.5 Property, plant and equipment

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 period. 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 recognised as an asset when:
- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

1.5 Property, plant and equipment (continued)

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

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

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 stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Subsequent measurement - revaluation model (land and buildings)

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

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

Subsequent measurement - cost model

Subsequent to initial recognition, items of Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces part of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

Depreciation

Depreciation is calculated on the depreciable amount, using the straight line basis over the estimated useful lives of items of property, plant and equipment unless depreciation of certain assets is being determined using a method other than estimated useful life.

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

1.5 Property, plant and equipment (continued)

The annual depreciation rates are based on the following estimated average useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	30 Years
Infrastructure	In years
• Roads surface	30
• Pavement	30
• Pedestrian malls	30
• Electricity network	20-30
• Transformers	20-30
• Water	15-20
• Sewerage	15-20
Community	
• Buildings	30
• Recreational facilities	20-30
• Security	5
• Halls	30
• Libraries	30
• Parks and gardens	30
• Other assets	5
Other assets	
• Buildings	30
• Specialist vehicles	10
• Other vehicles	5
• Other equipment	3-7
• Furniture and fittings	7-10
• Watercraft	15
• Bins and containers	5
• Specialised plant and equipment	10-15
• Other items of plant and eqipment	2-5

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. In determining the depreciation charge for the current year, the residual value for all assets have been taken into account.

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

1.6 Intangible assets

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

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

Intangible assets are initially recognised at cost.

An intangible asset acquired through a non-exchange transaction, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

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

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Computer software	3 years
Licence fees	1 year

Intangible assets are derecognised:
- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

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.

1.6 Intangible assets (continued)

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 assets 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 impairment loss is charged to the statement of financial performance.

Derecognition

Intangible assets 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 intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount and is recognised in the statement of financial performance.

1.7 Heritage assets

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

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

1.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity
- the municipality designates at fair value at initial recognition; or
- are held for trading.

Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Call investment deposits	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non exchange transactions	Financial asset measured at amortised cost

The municipality has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exhange transactions	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants and receipts	Financial liability measured at amortised cost

Initial recognition

The municipality recognises a financial asset or a financial liability in its statement of financial position when the municipality becomes a party to the contractual provisions of the instrument.

The municipality recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The municipality measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The municipality measures a financial asset and financial liability initially at its fair value.

The municipality first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the municipality analyses a concessionary loan into its component parts and accounts for each component separately. The municipality accounts for that part of a concessionary loan that is:
- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

The municipality measures all financial assets and financial liabilities after initial recognition using the following categories:
- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

1.8 Financial instruments (continued)

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the municipality establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the municipality uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Short term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector either through established practices or legislation.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The municipality assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

1.8 Financial instruments (continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:
- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality :
  - derecognise the asset; and
  - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The municipality removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

1.8 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.9 Leases

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

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

Finance leases - lessee

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Property, plant 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 lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured at the sum of the minimum lease payments due in terms of 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 intangible assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance costs and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorted of the asset's useful life or the lease term.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing.

Operating leases are those leases that do not fall within the scope within the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

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 or liability.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

1.10 Inventories (continued)

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

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

1.11 Impairment of cash-generating assets (continued)

Identification

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

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

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

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 pre-tax 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 (individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

1.11 Impairment of cash-generating assets (continued)

Cash-generating units

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 municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

1.11 Impairment of cash-generating assets (continued)

Reversal of impairment loss

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

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

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

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

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

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.12 Impairment of non-cash-generating assets

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

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

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

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

Identification

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

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

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

Value in use

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

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

Depreciated replacement cost approach

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

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

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

Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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

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

Reversal of an impairment loss

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

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

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

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

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

1.13 Employee benefits

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

1.13 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:
- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:
- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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 municiaplity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality recognise the expected cost of bonus, incentive and performance related payments when the municipality has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an municipality provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

1.13 Employee benefits (continued)

Multi-employer plans and/or State plans and/or Composite social security programmes

The Municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

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

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

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

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

1.13 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The municipality has an obligation to provide post-retirement health care benefits to certain of its retirees. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service) on retirement, is entitled to remain a continued member of the medical aid fund in which case the municipality is liable for a certain portion of the medical aid membership fee.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an entity (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

1.13 Employee benefits (continued)

The municipality account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:
- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:
- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The muncipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:
- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, a municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:
- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

1.13 Employee benefits (continued)

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Long-term service awards

The municipality has an obligation to provide long term service awards to all if its employees who have been in service of the municipality for a certain periiod of time. According to the rules of the long-term service allowance scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25, 30, 35, 40 and 45 years of continued service.

The municipality's liability is based on an actuarial valuation. The Projected Unit Credit Method is used to value the liability. Actuarial gains and losses on the long-term service awards are recognised in the statement of financial performance.

1.13 Employee benefits (continued)

Termination benefits

The municipality recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:
- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The municipality is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:
- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.14 Provisions and contingencies

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

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating expenditure.

If an municipality has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

1.14 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when the municipality:

- has a detailed formal plan for the restructuring, identifying at least:
  - the activity/operating unit or part of a activity/operating unit concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for services being terminated;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- 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.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44 unless the possibility of an outflow or resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefit is probable.

1.15 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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 quarterly 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.

Measurement

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

1.15 Revenue from exchange transactions (continued)

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:
- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Revenue from the sale of tender documents is recognised at the point of sale.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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.

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

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 licenses and permits.

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.

1.15 Revenue from exchange transactions (continued)

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.16 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by municipalities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

1.16 Revenue from non-exchange transactions (continued)

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Taxes

The municipality recognises an asset in respect of property rates when the taxable event occurs and the asset recognition criteria are met.

Resources arising from property rates satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property rates is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

1.16 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where settlement discounts or reductions in the amount payable are offered, the municipality considers past history in assessing the likelihood of these discounts or reductions being taken up by the debtors.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Services in-kind

Services in-kind are not recognised.

1.17 Grants, transfers and donations

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

Grants, transfers and donations received or receivable are recognised when the sources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grants, 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 municipality receives it.

1.18 Value-added tax

The municipality accounts for value-added tax (VAT) on the payment basis.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

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

ACCOUNTING POLICIES

1.21 Fruitless and wasteful expenditure

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

Fruitless and Wasteful expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the Fruitless and Wasteful register. If liability for the fruitless and wasteful expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The fruitless and wasteful expenditure register must also be updated accordingly. If the expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the fruitless and wasteful expenditure register..

1.22 Irregular expenditure

1.23 Accumulated surplus

Capital replacement reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment, amounts are transferred from the accumulated surplus/(deficit) to the CRR in terms of a Council resolution (Number C30 dated 17.10.2012).

These transfers from the net surplus may only be made if they are backed by cash. The amount transferred to CRR is based on the municipality's need to finance future capital progress included in the integrated development plan. The following provisions are set for the creation and utilisation of the CRR:

- the cash which backs up the CRR is invested until it is utilised. The cash may only be invested in accordance with the investment policy of the municipality.
- interest earned on the CRR investment is recorded as part of the total interest earned in the statement of financial performance
- the CRR may only be utilised for the purpose of purchasing items of property, plant and equipment for the municipality and may not be used for maintenance of these items.
- whenever an asset is purchased out of CRR, an amount equal to the cost price of the asset purchased is transferred from the CRR into a future depreciation reserve called the Capitalisation Reserve. This reserve is equal to the remaining depreciable value (book value) of assets purchased out of the CRR. The Capitalisation Reserve is used to offset depreciation charged on assets purchased out of the CRR to avoid double taxation of the consumers.
- if a gain is made on the sale of assets previously purchased out of the CRR, the gain on these assets sold is reflected in the statement of financial performance.

1.23 Accumulated surplus (continued)

Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund.

Provisions are set out for the creation and utilisation of the Housing Development Fund. The Housing Development Fund is cash- backed, and invested in accordance with the investment policy of the municipality.

In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

Donations and public contributions reserve

When items of property, plant and equipment are financed from public contributions and donations, a transfer is made from the accumulated surplus/deficit to the Donations and Public Contributions Reserve equal to the donations and public contributions recorded as revenue in the statement of financial performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated, a transfer is made from the Donations and Public Contributions Reserve to the accumulated surplus/deficit. The purpose of this policy is to promote community equity and facilitate budgetary control by ensuring that sufficient funds are set aside to offset the future depreciation charges that will be incurred over the estimated useful life of the item of property, plant and equipment financed from donations and public contributions.

When an item of property, plant and equipment financed from government grants is disposed, the balance in the Donations and Public Contributions Reserve relating to such item is transferred to the accumulated surplus/deficit.

1.24 Budget information

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

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

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

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

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

ACCOUNTING POLICIES

1.24 Budget information (continued)

The annual financial statements and the budget are not on the same basis of accounting. The actual Financial Statements information is therefore presented on comparable basis to the budget information. The comparison and reconciliation between the statement of financial performance and the budget for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.25 Related parties

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

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

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

Only transactions with related parties not at arm’s length or not in the ordinary course of business are disclosed.

1.26 Events after the reporting date

The municipality has carefully considered whether events occurring between the Statement of Financial Position date and the date of approval should be reflected in the annual financial statements. Events after the reporting period (or 'post Statement of Financial Position events') are either adjusting events or non-adjusting events.

Adjusting events provide further evidence of conditions that existed at the statement of financial position date and the carrying amounts of assets and liabilities at the statement of financial posistion date are adjusted for such events. Non-adjusting events relate to conditions that arose after the statement of financial position date and should be disclosed.

	2014 R	2013 R

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 25: Employee benefits

The objective of GRAP25 is to prescribe the accounting and disclosure for employee benefits. The Standard requires an municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when an municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

GRAP25 must be applied by an employer in accounting for all employee benefits, except share based payment transactions.

The standard states the recognition, measurement and disclosure requirements of:

- Short-term employee benefits;
  - All short-term employee benefits;
  - Short-term compensated absences;
  - Bonus, incentive and performance related payments;
- Post-employment benefits: Defined contribution plans;
- Other long-term employee benefits;
- Termination benefits.

The major difference between this stabdard (GRAP25) and IAS 19(R) is with regards to the treatment of actuarial gains and loses and past service costs. This standard requires the municiaplity to recognise all actuarial gains and losses and past services cosst immediately in the statement of financial performance ance occured.

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has adopted the standard for the first time in the 2014 annual financial statements.

IGRAP16: Intangible assets website costs

The municipality may incur internal expenditure on the development and operation of its own website for internal or external access. A website designed for external access may be used for various purposes such as to disseminate information, for example annul reports and budgets, create awareness of services, request comment on draft legislation, promote and advertise an entity's own services and products, for example the E-filing facility of SARS that enables taxpayers to complete their annual tax assessments, provide electronic services and list approved supplier details. A website designed for internal access may be used to store an entity's information, for example policies and operating procedures, and details of users of a service, and other relevant information.

Once development of a website has been completed, the operating stage begins. During this stage, an entity maintains and enhances the applications, infrastructure, graphical design and content of the website.

When accounting for internal expenditure on the development and operation of an entity's own website for internal or external access, the issues are:

- whether the website is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets; and
- the appropriate accounting treatment of such expenditure.

This Interpretation of Standards of GRAP does not apply to expenditure on purchasing, developing, and operating hardware (eg web servers, staging servers, production servers and internet connections) of a website. Such expenditure is accounted for under the Standard of GRAP on Property, Plant and Equipment. Additionally, when an entity incurs expenditure on an internet service provider hosting the entity's website, the expenditure is recognised as an expense under the paragraph .93 in the Standard of GRAP on Presentation of Financial Statements and the Framework for the Preparation and Presentation of Financial Statements when the services are received.

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The Standard of GRAP on Intangible Assets does not apply to intangible assets held by an entity for sale in the ordinary course of operations (see the Standards of GRAP on Construction Contracts and Inventories) or leases that fall within the scope of the Standard of GRAP on Leases. Accordingly, this Interpretation of Standards of GRAP does not apply to expenditure on the development or operation of a website (or website software) for sale to another entity. When a website is leased under an operating lease, the lessor applies this Interpretation of Standards of GRAP. When a website is leased under a finance lease, the lessee applies this Interpretation of Standards of GRAP after initial recognition of the leased asset.

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

2.2 Standards and Interpretations early adopted

The municipality has chosen to early adopt the following standards and interpretations:

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2014 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 18: Segment Reporting	01 April 2016	
• GRAP 105: Transfers of functions between entities under common control	01 April 2014	
• GRAP 106: Transfers of functions between entities not under common control	01 April 2014	
• GRAP 107: Mergers	01 April 2014	
• GRAP32: Service Concession Arrangements: Grantor	01 April 2015	
• GRAP108: Statutory Receivables	01 April 2015	
• IGRAP17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2015	

IGRAP1 (as revised 2012):Applying the probability test on initial recognition of revenue

This Interpretation of the Standards of GRAP now addresses the manner in which an entity applies the probability test on initial recognition of both:

(a) exchange revenue in accordance with the Standard of GRAP on Revenue from Exchange Transactions and

(b) non-exchange revenue in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

The effective date of the amendment is for years beginning on or after 01 April 2013.

The municipality has adopted the amendment for the first time in the 2014 annual financial statements.

The aggregate impact of the initial application of the statements and interpretations on the municipality's annual financial statements is expected to be as follows:

	2014 R	2013 R

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6,200	10,676
Bank balances	612,324	13,660,002
Cash and cash equivalents at the end of the year	**618,524**	**13,670,678**

Cash on hand

Balance at end of the year	6,200	10,676

First National Bank - Mandeni branch:
Cheque Account
Account number 52940480587

Cash book balance	612,324	13,660,002
Bank statement balance	1,522,432	9,496,195
Cash book balance	**612,324**	**13,660,002**

4. Call investment deposits

Call investment deposits consist of deposits maturing within a year and conditional grants that are ringfenced to be cash backed:

Nedbank - Mandeni branch -
Call investment deposits
Account number - 23581136/9998

Cash book balance	6,432,599	6,167,553
Bank statement balance	6,432,599	6,167,553

Standard Bank -Mandeni branch -
Call investment
Account number -068637527002

Cash book balance	25,805	25,370
Bank statement balance	25,805	25,338

First National Bank - Mandeni branch -
Call investment deposits
Account nunber - C061294217372

Cash book balance	20,463,930	28,043,930
Bank statement balance	20,463,930	28,122,299

First National Bank - Mandeni branch -
Call investment deposits
Account number - C062028673219

Cash book balance	1,723,107	1,672,987
Bank statement balance	1,723,106	1,672,987

First National Bank - Mandeni branch -
Call investment deposits
Account number - C062138398327.

Cash book balance	11,926,073	903
Bank statement balance	11,926,073	2,956,583

Notes to the Annual Financial Statements

	2014 R	2013 R
4. Call investment deposits (continued)		
First National Bank - Mandeni branch - Call investment deposits Account number - C062252919471		
Cash book balance	2,400,590	7,418,179
Bank statement balance	1,626,463	8,853,145
First National Bank - Mandeni branch - Call investment deposits Account number - C062113325882		
Cash book balance	8,720	107,396
Bank statement balance	8,719	107,396
First National Bank - Mandeni branch - Call investment deposit Account number - 74396352970		
Cash book balance	17,305,960	16,366,522
Bank statement balance	17,305,960	16,366,522
Cash book balance	**60,286,784**	**59,802,840**

The following call investment deposits have no restrictions on the use of funds:

- Nedbank - Mandeni branch - Call investment deposits
  Account number - 23581136/9998

- Standard Bank - Mandeni branch - Call investment deposits
  Account number - 068637527002

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C061294217372

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062113325882

The following call investment deposits have the following restrictions on the use of funds:

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062028673219:
  This account may only be used for housing related expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062138398327:
  This account may only be used for MIG expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - C062252919471:
  This account may only be used for Neighbourhood Development Program expenditure.

- First National Bank - Mandeni branch - Call investment deposits
  Account number - 74396352970:
  This account may only be used for the acquisition of assets.

Included in the amounts above are capital grants. See note 16 for additional information.

Notes to the Annual Financial Statements

	2014 R	2013 R

5. Receivables from exchange transactions

Gross balances		
Electricity	2,512,995	2,498,771
Refuse	24,928,896	21,669,229
	27,441,891	**24,168,000**
Less: Allowance for impairment		
Electricity	(759,887)	(982,585)
Refuse	(15,652,662)	(20,325,855)
	(16,412,549)	**(21,308,440)**
Net balance		
Electricity	1,753,108	1,516,186
Refuse	9,276,234	1,343,374
	11,029,342	**2,859,560**
Electricity		
Current (0 -30 days)	(124,194)	120,293
31 - 60 days	202,993	9,111
61 - 90 days	(158,693)	39,831
91 - 120 days	(24,798)	(116,371)
121 - 365 days	118,916	27,319
> 365 days	2,498,771	2,418,588
Less: Impairment	(759,887)	(982,585)
	1,753,108	**1,516,186**
Refuse		
Current (0 -30 days)	186,288	282,077
31 - 60 days	263,929	308,520
61 - 90 days	306,399	303,468
91 - 120 days	273,193	276,771
121 - 365 days	2,233,482	2,045,598
> 365 days	21,665,605	18,452,795
Less: Impairment	(15,652,662)	(20,325,855)
	9,276,234	**1,343,374**

6. Receivables from non-exchange transactions

Receivables from non-exchange transactions (aged)		
Rates	66,567,403	52,739,905
Other	(227,971)	(126,632)
Less: Non-exchange Impairment - Rates	(49,732,235)	(27,576,375)
Less: Non-exchange Impairment - Other	177,225	(56,955)
	16,784,422	**24,979,943**
Receivables from non-exhange transactions (Not aged)		
Fines	(6)	-
Health subsidy	-	657,417
Housing rental	40,230	40,230
Other receivables	1,482,870	745,732
Postage deposit	10,000	10,000
	18,317,516	**26,433,322**

Notes to the Annual Financial Statements

	2014 R	2013 R
6. Receivables from non-exchange transactions (continued)		
Rates		
Current (0 - 30 days)	(109,480)	(782,469)
31 - 60 days	2,318,442	(1,516,822)
61 - 90 days	1,572,049	2,645,494
91 - 120 days	1,835,308	2,885,609
121 - 365 days	8,202,578	19,271,697
> 365 days	52,748,905	30,176,364
Less: Non-exchange Impairment - Rates	(49,732,235)	(27,576,375)
	16,835,567	**25,103,498**
Other		
Current (0 - 30 days)	73,870	-
31 - 60 days	3,678	-
61 - 90 days	(28,710)	-
91 - 120 days	(14,042)	-
121 - 365 days	(136,134)	-
> 365 days	(126,632)	(126,632)
Less: Non-exchange Impairment - Other	177,225	(56,955)
	(50,745)	**(183,587)**
Total		
Current (0 -30 days)	(35,610)	(782,469)
31 - 60 days	2,322,120	(1,456,790)
61 - 90 days	1,543,339	2,645,494
91 - 120 days	1,821,265	2,885,609
121 - 365 days	8,066,445	19,271,697
> 365 days	52,621,873	30,049,732
	66,339,432	52,613,273
Less: Provision for debt impairment	(49,555,010)	(27,633,330)
	16,784,422	**24,979,943**

Notes to the Annual Financial Statements

	2014 R	2013 R

6. Receivables from non-exchange transactions (continued)

Summary of debtors by customer classification

Households		
Current (0 - 30 days)	133,683	421,989
31 - 60 days	1,039,610	1,204,667
61 - 90 days	491,731	1,197,566
91 -120 days	352,522	1,139,240
121 - 365 days	5,295,505	6,169,602
< 365 days	53,065,798	43,684,451
Less impairment	(48,074,480)	(33,991,013)
	12,304,369	**19,826,502**
Industrial / Commercial		
Current (0 - 30 days)	113,960	592,443
(31- 60 days)	1,679,035	-
(61 - 90 days)	482,098	2,109,981
(91 - 120 days)	482,098	2,087,994
(120 - 365 days)	581,596	14,185,404
(< 365 days)	15,548,523	5,492,110
Less impairment	(17,800,720)	(7,141,619)
	1,086,590	**17,326,313**
National /Provincial Government		
Current (0 - 30 days)	(37,581)	-
(31 - 60 days)	70,406	98,407
(61 - 90 days)	25,250	56,203
(91 - 120 days)	25,715	168,843
(121 - 365 days)	652,482	-
(< 365 days)	(382,221)	452,374
Less impairment	(92,360)	(705,392)
	261,691	**70,435**
Provision for Impairment		
Current (0 -30 days)	(817,908)	(362,205)
(31 - 60 days)	(1,481,738)	(341,591)
(61 - 90 days)	(1,048,952)	(341,808)
(91 - 120 days)	(1,070,177)	(344,741)
(121 - 365 days)	(6,475,033)	(335,852)
(< 365 days)	(55,073,750)	(19,582,243)
	(65,967,558)	**(21,308,440)**
Totals		
Current (0 - 30 days)	(791,425)	-
(31 - 60 days)	1,307,312	-
(61 - 90 days)	642,093	-
(91 - 120 days)	999,483	-
(121 - 365 days)	3,943,808	-
(< 365 days)	21,712,493	-
	27,813,764	**-**

Notes to the Annual Financial Statements

	2014 R	2013 R

7. Inventories

Consumable stores	486,890	332,403
Maintenance materials	179,975	167,045
	666,865	**499,448**

Consumable stores

At cost	332,403	281,749
Additions	568,390	747,529
Issued/(expensed)	(413,903)	(662,133)
	486,890	**367,145**

Maintenance materials

At cost	167,045	89,380
Additions	983,708	375,730
Issued/(expensed)	(970,778)	(332,808)
	179,975	**132,302**

Notes to the Annual Financial Statements

Figures in Rand

8. Investment property

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	46,606,200	-	46,606,200	23,162,509	-	23,162,509

Reconciliation of investment property - 2014

	Opening balance	Additions	Disposals	Classified as held for sale	Impairments	Fair value adjustments	Total
Investment property	23,162,509	-	-	23,443,691	-	-	46,606,200

Reconciliation of investment property - 2013

	Opening balance	Additions	Disposals	Impairments	Fair value adjustments	Total
Investment property	23,210,509	-	(48,000)	-	-	23,162,509

	2014 R	2013 R

8. Investment property (continued)

Details of valuation

The Valuation roll for 2012/13 has been used to determine the fair values as it is believed to reflect the market value of properties.

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

Fair value of investment properties		
Portion 6 of Farm Lot 5 Ca No. 8440	10,000	10,000
Portion 7 of Farm Lot 5 Ca No. 8440	20,000	20,000
Lot 56 of Padianager	33,000	33,000
Lot 1203 of Mandeni - Aloe Road	60,000	60,000
Lot 571 of Mandeni - Anderson Road	92,000	92,000
Lot 504 of Mandeni - Matthews Road	95,000	95,000
Lot 327 of Mandeni - Greig Road	121,000	121,000
Lot 1466 of Mandeni - Aloe Road	296,000	296,000
Portion 4 of Farm Lot 13 Tugela No. 13862	320,000	320,000
Portion 2 of Farm Reserve No. 21 No. 16882	360,000	360,000
The Farm Lot 5 B No. 4351 Agricultural	1,100,000	1,100,000
The Farm Lot 5 Ca No. 8440	1,890,000	1,890,000
Remainder of Farm Lot 30 Inyoni No. 13890	2,470,000	2,470,000
Portion 1 of Farm Reserve No. 21 No. 16882	16,000,000	16,000,000
Lot 1340 of Mandeni	59,500	59,500
Lot 1018 of Mandeni	154,000	154,000
Lot 175 of Padianager	41,000	41,000
Lot 181 of Tugela	41,000	41,000
Lot 48 Tugela Mouth	400,000	-
Portion 10 Sisalana no. 15641	8,000	-
Lot 185 Newark no. 2621	42,000	-
Portion 4 lot 9901 Newark no 2621	125,000	-
Portion 6 lot 9901 Newark no 2621	2,380,000	-
Various Lots Padianagar	302,000	-
Various lots Tugela	794,500	-
Various Lots Tugela Ext 3	1,559,200	-
Various Lots Mandeni Ext. 7	240,800	-
Various Lots Mandeni Ext. 8	17,592,200	-
	46,606,200	**23,162,500**

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There is no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

	2014 R	2013 R

9. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	904,000	-	904,000	904,000	-	904,000
Buildings	15,911,274	(1,380,895)	14,530,379	11,881,487	(1,059,407)	10,822,080
Infrastructure	256,571,847	(60,692,251)	195,879,596	224,554,705	(46,851,778)	177,702,927
Community	37,312,673	(4,251,186)	33,061,487	37,157,753	(2,919,563)	34,238,190
Other assets	21,146,269	(4,811,731)	16,334,538	12,569,008	(4,473,105)	8,095,903
Total	**331,846,063**	**(71,136,063)**	**260,710,000**	**287,066,953**	**(55,303,853)**	**231,763,100**

Notes to the Annual Financial Statements

Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Work In Progress	Disposals	Transfers	Revaluations	Depreciation	Disposal	Total
Land	904,000	-	-	-	-	-	-	-	904,000
Buildings	10,822,080	2,773,264	1,502,060	-	(245,537)	-	(321,488)	-	14,530,379
Infrastructure	177,702,927	12,511,339	20,311,393	-	927,059	-	(15,573,122)	-	195,879,596
Community	34,238,190	57,000	779,439	-	(681,518)	-	(1,331,624)	-	33,061,487
Other assets	8,095,903	9,840,571	-	(1,011,658)	-	-	(1,337,287)	747,009	16,334,538
	231,763,100	**25,182,174**	**22,592,892**	**(1,011,658)**	**4**	**-**	**(18,563,521)**	**747,009**	**260,710,000**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Work In Progress	Disposals	Depreciation	Disposal	Total
Land	925,000	-	-	(21,000)	-	-	904,000
Buildings	10,018,163	467,500	616,194	-	(279,777)	-	10,822,080
Infrastructure	166,250,555	17,882,711	9,774,617	-	(16,204,956)	-	177,702,927
Community	35,270,842	-	298,573	-	(1,331,225)	-	34,238,190
Other assets	7,863,444	1,471,126	-	(1,023,574)	(953,035)	737,942	8,095,903
	220,328,004	**19,821,337**	**10,689,384**	**(1,044,574)**	**(18,768,993)**	**737,942**	**231,763,100**

	2014 R	2013 R

10. Intangible assets

	2014			2013		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	-	-	-	344,315	(275,452)	68,863

Reconciliation of intangible assets - 2014

	Opening balance	Amortisation	Total
Computer software	68,863	(68,863)	-

Reconciliation of intangible assets - 2013

	Opening balance	Amortisation	Total
Computer software	73,206	(4,343)	68,863

11. Accumulated surplus

Ring-fenced internal funds and reserves within accumulated surplus

	Revaluation reserve	Public contributions reserve	Accumulated surplus	Total
Balance at 01 July 2012	**128,095,701**	**50,941,129**	**112,475,560**	**291,512,390**
Surplus for the year	-	-	34,636,344	34,636,344
Correction of Prior period error	23,635,507	-	-	23,635,507
Correction	-	-	192,740	192,740
Balance at 01 July 2013	**151,731,208**	**50,941,129**	**147,304,644**	**349,976,981**
Surplus for the year	-	-	9,766,794	9,766,794
	151,731,208	**50,941,129**	**157,071,438**	**359,743,775**

12. Payables

Trade payables	1,937,725	4,644,075
Leave provision	4,730,363	2,426,371
Other payables	210,066	57,326
Bank deposits not yet receipted	474,814	442,622
	7,352,968	7,570,419
Cashiers collections	320,145	554,097
	7,673,113	**8,124,516**

Cashiers collections was recorded as part of Receivables in prior years.

Notes to the Annual Financial Statements

	2014 R	2013 R

13. Consumer deposits

Electricity	1,535,215	1,340,897

No guarantees are held in lieu of Electricity Deposits.

14. VAT receivable

VAT	-	83,559

VAT is payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

	2014 R	2013 R

15. Employee benefit obligations

Post retirement medical benefit plan

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

The municipality operated on five accredited medical aid schemes, namely Keyhealth, LA Health, SAMWU, Bonitas and Hosmed.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2014 by Independent Actuaries & Consultants. The present value of the defined benefit obligation, and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

The plan is aost employment medical benefit plan.

Multi-employer pension funds

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

All councillors belong to the pension fund for municipal councillors.

Employees belong to a variety of approved pension and provident funds.

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

All of these funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:
(i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
(ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
(iii) The same rate of contribuon applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

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

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

The total expense recognised in the Statement of Financial Performance represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been exxpensed.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the defined benefit obligation-partly or wholly funded	(10,986,004)	(9,730,505)

	2014 R	2013 R

15. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	8,120,431	8,734,000
Net expense recognised in the statement of financial performance	712,000	(613,569)
	8,832,431	**8,120,431**

Net expense recognised in the statement of financial performance

Current service cost	490,000	516,778
Interest cost	747,000	707,380
Actuarial (gains) losses	(502,000)	(1,737,377)
Benefits paid	(23,000)	(100,350)
	712,000	**(613,569)**

Key assumptions used

Assumptions used at the reporting date:

Expected retirement age	63	63
Discount rates used	9.56 %	9.21 %
Health care cost inflation rate	7.80 %	7.32 %
Expected increase in salaries	6.82 %	6.82 %
Consumer price inflation	6.29 %	5.82 %
Net effective discount rate	1.52 %	1.77 %
Mortality during employment	SA 85-90	SA 85-90
Mortality post employment	PA 90-1	PA 90-1

Percentage of in-service members withdrawing before retirement

Age 20	16.0 %	12.0 %
Age 30	10.0 %	10.0 %
Age 40	6.0 %	6.0 %
Age 50	2.0 %	2.0 %
Age 55+	- %	- %

It is difficult to predict futre investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate at 30 June 2014 is 9.56% which represents the average yield from the zero coupon government bond curve over a 15 to 20 year term.

Salary Inflation Rate: This assumption is required to reflect the estimated growth in salaries of the eligible employees until retirement.

General Salary Inflation: This assumption is more stable relative to the growth in consumer Price Index (CPI) than in the absolute terms. In most industires, experience has shown, that over the long-term, slary inflation is between 1.0% and 1.5% above CPI inflation.

The implied inflation assumption is 6.30% per annum which represents the market's pricing of inflation by comparing the yields on index linked government bonds and long term government bonds (R186 and R197 bonds), adjusting for an inflation risk premium of 0.5% per annum.

It has been assumed that the next salary increase will take place on 1 July 2015.

	2014 R	2013 R

15. Employee benefit obligations (continued)

The next contribution increase was assumed to occur with effect from 1 January 2015.

Replacement ratio: This is the expected pension as a percentage of final salary, at retirement. This assumption is required to determine the income band at retirement of members since some contribution rate tables are income-dependent. A replacement ratio of 65% was assumed. Income bands are assumed to increase with general salary inflation and therefore an explicit salary inflation assumption is not necessary.

Long service awards and retirement gifts

The independent valuers, Independent Actuaries and Consultants, carry out a statutory valuation on an annual basis.

The principal actuarial assumptions used were as follows:

Discount rate per annum	8.53 %	7.80 %
General salary inflation (long term)	7.29 %	6.80 %
Net effective discount rate	1.15 %	0.94 %

Examples of mortality rates used were as follows:

Average retirement age	63	63
Mortality during employment	SA 85-90	SA 85-90

Members resigned from service

	Per 1,000 members	Per 1,000 members
Age 20	-	120
Age 30	-	100
Age 40	-	60
Age 50	-	20
Age 55+	-	-

Membership summary

Number of members	201	179
Average age of members (years)	40.1	41.3
Average past service (years)	8.0	8.9
Average salary	165,115	114292

Benefit Structure

Service years	Award (Number of days)	Award (Number of days)
10	10	10
15	20	20
20	30	39
25	30	30
30	30	30
35	30	30
40	30	30
45	30	30

	2014 R	2013 R

15. Employee benefit obligations (continued)

Movement in the defined benefit obligation is as follows:

Balance at beginning of the year	1,610,074	1,485,843
Current service cost	144,984	144,984
Interest cost	131,004	118,884
Expected benefit payments	(164,904)	(162,835)
Recognised actuarial (gains)/losses	431,846	23,198
Balance at end of year	**2,153,004**	**1,610,074**

The amounts recognised in the Statement of Financial Performance were as follows:

Current service cost	144,984	144,984
Interest cost	131,004	118,884
Benefit payments	(164,904)	(162,835)
Actuarial (gains)/losses	431,846	23,198
	542,930	**124,231**

In conclusion:

Statement of Financial Position obligation for		
Long Service Awards Liability	2,153,004	1,610,074
Retirement Benefit Liability	8,834,000	8,120,431
	10,987,004	**9,730,505**

Statement of Financial Performance obligation for		
Long Service Awards Expense	542,930	124,231
Retirement Benefit Expense	713,569	-
Retirement benefit obligation/reversal	-	(613,569)
	1,256,499	**(489,338)**

Key assumptions used

In estimating the liability for long service awards (LSA) a number of assumptions are required. GRAP 25 statement places the responsibility on management to set these assumptions, as guided by the principles set out in the Statement and in discussion with the actuary.

It should be noted that the valuation method and assumptions do not affect the ultimate cost of the LSA- this is determined by the actual experience and by the benefits provided. The method and assumptions influence how the past service liability and future-service costs are recognised over time.

It is difficult to predict future investment returns and health care cost inflation rates. The relationship between them is more stable and therefore easier to predict. GRAP 25 requires that financial assumptions be based on market expectations at the Valuation Date for the period over which the liability obligations are to be settled.

Discount Rate: GRAP 25 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on goverment bonds consistent with the estimated term of the post-employment liabilities should be used. The discount rate is 8.53% which represents the average yield from the zero coupon government bond curve over nine years which is consistent with the cash flow weighted average of the liabilities of nine years.

	2014 R	2013 R

16. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Corridor development grant	49,351	88,457
Municipal system improvement grant	41	-
Management assistance programme	1	(12)
KZN Wildlife grant	(2)	2
IDP support grant	(9)	-
Library KZNPA grant	483,335	112,853
Seta grant	6	6
Economic Development grant	(9)	442,389
Small towns rehabilitation	152,705	2,720,087
Sport and recreation grant	237,490	350,633
NDP grant	2,644,516	7,418,179
MIG grants	11,729,731	903
	15,297,156	**11,133,497**

See note 24 for reconciliation of grants from and receipts.

The capital grants are invested in a ring-fenced investment until utilised. See note 4 for additional information.

17. Finance lease obligation

Future finance charges		
- within one year	90,505	-
- in second to fifth year inclusive	83,166	-
Present value of minimum lease payments	**173,671**	**-**

Present value of minimum lease payments due		
- within one year	164,255	-
- in second to fifth year inclusive	405,124	-
	569,379	**-**
Non-current liabilities	405,124	-
Current liabilities	164,255	-
	569,379	**-**

Minimum lease payment		
- within one year	254,760	-
- in second to fifth year inclusive	488,290	-
	743,050	**-**

The average lease term is 3 years and the average effective borrowing rate is 9.0%. Interest rates are fixed at the contract date. Some leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased assets.

18. VAT payable

VAT payable	707,483	-

The municipality is registered for VAT on the cash basis. VAT is paid over to SARS only once payment is received from debtors

	2014 R	2013 R

18. VAT payable (continued)

All VAT 201 returns were submited through the year.

19. Revenue

Property rates	27,411,174	33,472,174
Property rates - penalties imposed	5,477,042	5,134,908
Service charges	17,662,764	16,801,170
Rental of facilities and equipment	267,238	269,820
Interest received - external investments	3,563,627	2,808,908
Fines	778,711	93,010
Licences and permits	44,555	-
Government grants & subsidies	114,787,730	93,022,164
Other income	4,765,234	3,933,516
Retirement benefit and Long Service benefit Revers	-	613,569
	174,758,075	**156,149,239**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	17,662,764	16,801,170
Rental of facilities and equipment	267,238	269,820
Licences and permits	44,555	-
Retirement benefit and Long Service benefit Revers	-	613,569
Other income	4,765,234	3,933,516
Interest received - investment	3,563,627	2,808,908
	26,303,418	**24,426,983**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	27,411,174	33,472,174
Property rates - penalties imposed	5,477,042	5,134,908
Transfer revenue		
Government grants & subsidies	114,787,730	93,022,164
Fines	778,711	93,010
	148,454,657	**131,722,256**

20. Property rates

Rates received

Residential	8,885,112	10,849,737
Commercial	11,603,304	14,168,959
State	6,922,758	8,453,478
	27,411,174	33,472,174
Property rates - penalties imposed	5,477,042	5,134,908
	32,888,216	**38,607,082**

	2014 R	2013 R

20. Property rates (continued)

Valuations

Residential	763,515,100	686,928,000
Commercial	36,740,200	107,906,500
Industrial	905,000	48,508,000
Industrial Estate Special	742,145,900	433,360,000
Mining	-	14,000,000
Agricultural	975,510,250	293,303,000
Institutional	43,792,000	148,801,000
Public Services Infrastructure	307,073,000	352,441,000
Public Benefit Organisations	9,871,000	-
Municipal Properties	29,996,490	33,972,000
Vacant Land	89,690,600	-
	2,999,239,540	**2,119,219,500**

Commercial includes industrial, mining and agriculture.

State includes institutional and public services infrastructure.

Valuations on land and buildings are performed every 4 years. The last general valuation came into effect on 1 July 2012. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

The following are the rates randage that were applied to the valuations in respect of the various categories:

Residential	R0.0099	R0.0121
Commercial	R0.0158	R0.0193
Industrial	R0.0168	R0.0205
Industrial Estate Special	R0.0146	R0.0178
Mining	R0.0187	R0.0229
Agriculture	R0.0025	R0.0030
Public Service Infrastructure	R0.0025	R0.0030
State	R0.0148	R0.0181

All residential property owners are exempt from paying rates on the first R15,000.00 value of property. All pensioners, the disabled and medically boarded owners are eligible for the rebates.

Rates are levied on an annual basis with the final date for payment being 30 May 2014 (31 May 2013).

21. Service charges

Sale of electricity	11,715,052	11,212,965
Refuse removal	5,947,712	5,588,205
	17,662,764	**16,801,170**

22. Rental of facilities and equipment

Premises

Hall hire	120,524	141,619
Staff housing	140,464	117,596
Stalls rental	6,250	10,605
	267,238	**269,820**

Notes to the Annual Financial Statements

	2014 R	2013 R

23. Interest received - external investments

Bank and Call Deposits	3,563,627	2,808,908

24. Government grants & subsidies

Operating grants		
Equitable share	74,288,687	65,009,000
Finance Management Grant	1,650,000	1,500,000
Municipal Systems Improvement Grant	889,959	800,001
Roll Overs	(2)	1,919,341
Health Subsidy	-	93,917
Library Grant	1,206,529	562,947
Sport Facilities Grant	113,143	153,866
SMME Training	-	31,879
Economic Development Grant	3,265,674	298,573
EPWP Grant	1,000,000	-
Community Participation IDP Grant	200,000	-
	82,613,990	70,369,524
Capital grants		
MIG	15,454,530	22,407,102
NDPG	5,719,484	-
Small Towns Planning Grant	10,999,726	245,538
	32,173,740	22,652,640
	114,787,730	**93,022,164**

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Balance unspent at the beginning of year	-	-
Current year receipts	74,288,687	65,009,000
Conditions met - transferred to revenue	(74,288,687)	(65,009,000)
	-	**-**

Finance management grant

Current-year receipts	1,650,000	1,500,000
Conditions met - transferred to revenue	(1,650,009)	(1,500,000)
	(9)	**-**

Conditions still to be met - remain liabilities (see note 16).

This grant is used to set up and support the budget and treasury office and financing the appointment of finance interns.

	2014 R	2013 R

24. Government grants & subsidies (continued)

Municipal system improvement grant

Current-year receipts	890,000	800,000
Conditions met - transferred to revenue	(889,959)	(800,000)
	41	**-**

Conditions still to be met - remain liabilities (see note 16).

This grant was used to implement new financial systems, the GRAP conversion process, ward participation and debt management activities.

Management assistance programme

Balance unspent at beginning of year	(12)	(12)
Conditions met - transferred to revenue	13	-
	1	**(12)**

Conditions still to be met - remain liabilities (see note 16).

The grant is used to set up policies and procedures and to assist with issues of good governance.

MIG grant

Balance unspent at beginning of year	903	1,270,903
Current-year receipts	29,347,000	25,659,000
Conditions met - transferred to revenue	(17,618,172)	(26,929,000)
	11,729,731	**903**

Conditions still to be met - remain liabilities (see note 16).

This grant is used to construct roads infrastructure.

Neighbourhood development partnership grant

Balance unspent at beginning of year	7,418,179	8,691,517
Current-year receipts	8,364,000	-
Conditions met - transferred to revenue	(5,719,484)	(1,273,338)
Roll over not approved	(7,418,179)	-
	2,644,516	**7,418,179**

Conditions still to be met - remain liabilities (see note 16).

The focus of this grant is to stimulate and accelerate investment in poor underserviced residential neighbourhood areas.

	2014 R	2013 R

24. Government grants & subsidies (continued)

Library grant

Balance unspent at beginning of year	112,853	-
Current-year receipts	1,602,000	675,800
Conditions met - transferred to revenue	(1,231,518)	(562,947)
	483,335	**112,853**

Conditions still to be met - remain liabilities (see note 16).

This grant is utilised to fund the acquisition of library materials.

Corridor development grant

Balance unspent at beginning of year	88,457	88,457
Conditions met - transferred to revenue	(39,106)	-
	49,351	**88,457**

Conditions still to be met - remain liabilities (see note 16).

This grant is used to promote local economic development on tourism nodes identified by the KZN Corridor Development Programme within the northern municipal planning region. A beach facility has been created.

Gijima grant

Balance unspent at beginning of year	-	13,959
Conditions met - transferred to revenue	-	(13,959)
	-	**-**

Conditions still to be met - remain liabilities (see note 16).

The funds received are utilised for the promotion of tourism and LED activities.

Sport and recreation grant

Balance unspent at beginning of year	350,633	354,499
Current-year receipts	-	150,000
Conditions met - transferred to revenue	(113,143)	(153,866)
	237,490	**350,633**

Conditions still to be met - remain liabilities (see note 16).

Department of sport and recreation provides funds for the development of local sport facilities.

SMME grant

Balance unspent at beginning of year	-	17,912
Current-year receipts	-	13,959
Conditions met - transferred to revenue	-	(31,871)
	-	**-**

Conditions still to be met - remain liabilities (see note 16).

This grant was used to capacitate SMMEs.

	2014 R	2013 R

24. Government grants & subsidies (continued)

KZN Wildlife grant

Balance unspent at beginning of year	2	2
Conditions met - transferred to revenue	(10,842)	-
Other	10,838	-
	(2)	**2**

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Economic Development grant

Balance unspent at beginning of year	442,389	-
Current-year receipts	3,270,994	782,763
Conditions met - transferred to revenue	(3,713,392)	(340,374)
	(9)	**442,389**

Conditions still to be met - remain liabilities (see note 16).

Provide explanations of conditions still to be met and other relevant information.

Small towns rehabilitation grant

Balance unspent at beginning of year	2,720,087	-
Current-year receipts	10,829,000	3,000,000
Conditions met - transferred to revenue	(13,396,382)	(279,913)
	152,705	**2,720,087**

Conditions still to be met - remain liabilities (see note 16).

For the creation of informal trading stalls and the beautification of the Mandeni town.

25. Other income

Building Plan Fees	109,429	24,182
Sundry Income	151,709	111,641
Tuck shop-Swimming Pool	479	496
Donation Income	21,227	124,764
Connection Fees	18,052	22,742
Swimming Pool	26,472	4,994
Photocopier Charges	12,092	15,845
Rates Clearance certificates	23,404	12,542
Reconnection Fees	121,112	45,841
Capacity Building	102,401	25,328
Vat input-Grants conditions met	4,175,825	3,539,207
Business Licences	2,708	4,482
Town Planning Fees	324	1,452
	4,765,234	**3,933,516**

	2014 R	2013 R

26. Employee related costs

Basic	29,688,215	20,605,015
Medical aid - company contributions	2,076,300	1,732,792
UIF	250,776	194,717
WCA	31,995	29,871
SDL	433,933	305,249
Leave pay provision charge	3,095,335	1,104,251
Post Employment Benefit-Defined contribution plans	4,240,333	3,119,201
Overtime payments	706,303	856,222
Car allowance	1,416,528	729,865
Housing benefits and allowances	22,550	18,023
Cellphone Allowance	271,085	139,342
Pension surcharges	111,020	35,428
	42,344,373	**28,869,976**

There were no advances to employees/Loans to employees are set out in note 6.

Remuneration of Municipal Manager

Annual Remuneration	803,834	755,547
Car allowance, Travel, accommodation, subsistance and other allowances	265,317	289,076
Contributions to UIF, Medical and Pension Funds	12,468	11,264
	1,081,619	**1,055,887**

Remuneration of Chief Finance Officer

Annual Remuneration	664,224	616,680
Car allowance, Travel, accommodation, subsistance and other allowances	244,260	244,260
Contributions to UIF, Medical and Pension Funds	10,608	11,235
	919,092	**872,175**

Remuneration of Executive Directors (Corporate services)

Annual Remuneration	610,284	378,637
Car allowance, Travel, accommodation, subsistance and other allowances	286,200	215,985
Contributions to UIF, Medical and Pension Funds	10,593	9,191
	907,077	**603,813**

Remuneration of Executive Director (Community Services)

Annual Remuneration	313,535	-
Car allowance, Travel, accommodation, subsistance and other allowances	65,000	-
Contributions to UIF, Medical and Pension Funds	4,509	-
	383,044	**-**

Remuneration of Eexecutive Directors (Technical services)

Annual Remuneration	770,484	722,940
Car allowance, Travel, accommodation, subsistance and other allowances	138,000	138,000
Contributions to UIF, Medical and Pension Funds	10,770	10,213
	919,254	**871,153**

	2014 R	2013 R

26. Employee related costs (continued)

Remeneration of Executive Directors (Planning and economics development)

Annual Remuneration	679,584	497,404
Car allowance, Travel, accommodation, subsistance and other allowances	201,249	151,746
Contributions to UIF, Medical and Pension Funds	10,340	7,410
	891,173	**656,560**

Total employee related cost	**47,445,632**	**3,292,956**

27. Remuneration of councillors

Executive Mayor	488,776	450,854
Deputy Executive Mayor	439,741	240,348
Mayoral Committee Members	602,927	663,641
Speaker	391,980	325,892
Councillors	4,843,143	4,247,601
Councillors allowances	2,392,698	2,100,196
	9,159,265	**8,028,532**

In-kind benefits

The Mayor, Deputy Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Speaker and the Deputy Mayor each have the use of separate Council owned vehicles for official duties.

The Mayor has right of use of the two Council owned vehicle for official duties.

The Mayor has two full-time bodyguards.

28. Debt impairment

Debt impairment	831,292	-
Contributions to debt impairment provision	17,025,789	7,103,747
	17,857,081	**7,103,747**

29. Depreciation and amortisation

Property, plant and equipment	18,632,384	18,773,345

30. Auditors' remuneration

Audit fees	1,397,966	1,473,713

31. Bulk purchases

Electricity	8,128,413	7,437,324

Notes to the Annual Financial Statements

	2014 R	2013 R

32. Contracted services

Specialist Services	3,252,021	2,595,072
Other Contractors	7,718,804	7,443,720
	10,970,825	**10,038,792**

Enforce Security and Libra Security are responsible of the security of the municipal property.

Mandeni Waste Removal is responsible for the removal of solid waste management.

33. Grants and subsidies paid

Other subsidies		
Finance Management Grant	1,650,000	1,503,377
Municipal Systems Improvement Grant	762,875	800,001
Grants Roll Overs	-	(312,450)
SMME Training Grant	-	31,879
NDPG Capital Expenditure	190,000	-
Library Grant	1,149,870	562,947
Sport facilities Grant	113,143	153,866
Economic Development grantt	-	298,573
Small Towns Rehabilitation Grant	-	245,538
	3,865,888	**3,283,731**

34. Repairs and maintenance

Air conditioning	29,383	125,287
Building - Civil	777,380	233,837
Buildings - Electrical	108,175	80,783
Disaster management	36,650	196
Electricity reticulation	759,016	821,261
Fire protection	2,410,304	207,359
Office equipment	150,491	415,190
Parks and gardens	2,081,211	1,409,285
Plant and equipment	935,381	1,551,341
Pool chemicals	21,857	33,246
Pool general reticulation	31,825	371
Road signs and markings	22,612	101,489
Roads and sidewalks	899,423	1,746,838
Traffic lights	241,737	240,478
Vehicles	308,623	357,159
Zibambele programme	1,573,608	1,384,334
	10,387,676	**8,708,454**

Notes to the Annual Financial Statements

	2014 R	2013 R

35. General expenses

Advertising	233,636	514,770
Aids awareness	207,051	117,315
Audit committee fees	109,759	74,206
Auditors remuneration	1,397,966	1,473,713
Bank charges	256,848	207,479
Billing charges	-	361
Contributions to capital outlay	360,000	(661,105)
Dog unit	5,811	1,080
Electricity - health	32,926	98,556
Electricity - internal	858,545	674,289
Enviromental Management Framework	690,726	89,811
Environmental forum	6,749	56
Fire arm shooting	28,975	2,300
Fuel and oil	2,879,968	1,917,398
GRAP implementation	175,439	210,285
Health supplies	146,080	30,966
Hire Charges	663,497	601,433
Hostel charges	82,845	3,000
Insurance	281,987	337,825
Internal audit	535,925	761,564
LED Forum	2,509,449	839,590
Lease rentals on operating lease	2,325,608	1,541,335
Legal and professional fees	4,043,287	3,230,189
Licences	961,755	446,659
Literature acts and books	10,595	9,180
Office cleaning	108,122	130,471
Office tea	134,679	57,768
Pauper / Indigent burial	59,090	57,900
Postage and courier	395,147	267,050
Printing and stationery	629,665	644,329
Property revaluations	99,708	246,477
Protection services	606	5,082
Public functions	675,161	911,952
Public participation	1,585,976	881,244
Publications	405,618	150,811
Rates- Council properties	9,997	3,454
Refuse	54,909	8,314
Shared services	810,778	737,071
Small tools	15,212	13,402
Special programmes	3,436,581	396,991
Sport and recreation	640,916	352,655
Subscriptions and membership fees	429,852	19,708
Subsistance and travelling	2,806,334	1,549,764
Sundry expenses	595,745	492,062
Swimming pool tuck shop	-	33,092
Telephone and fax	1,535,370	1,121,539
Town planning costs	91,798	-
Training	966,070	1,697,374
Uniforms	154,432	149,535
Ward committees	1,603,614	1,626,040
Water	437,803	323,471
Workmens compensation	212,825	204,901
Youth programmes	226,128	59,780
	36,927,563	**24,664,492**

Notes to the Annual Financial Statements

	2014 R	2013 R

36. Cash generated from operations

Surplus	9,766,794	34,636,344
Adjustments for:		
Depreciation and amortisation	18,632,384	18,773,345
Loss on sale of assets and liabilities	264,647	354,632
Inventory write down	226	12
Interest income	(50,120)	(46,085)
Debt impairment	17,025,789	7,103,747
Movements in retirement benefit assets and liabilities	1,255,499	(489,338)
Movements in provisions	-	126,788
Movement in accumulated surplus	1,295,004	(938,020)
Changes in working capital:		
Inventories	(167,417)	(128,319)
Other receivables from exchange transactions	(3,273,891)	(4,505,156)
Other receivables from non-exchange transactions	(13,805,874)	(19,773,691)
Call investment deposits	-	438,881
Payables	(451,378)	2,239,060
VAT	791,042	1,415,454
Unspent conditional grants and receipts	4,163,659	696,250
Consumer deposits	194,318	106,614
	35,640,682	**40,010,518**

37. Call investment deposits, and Cash and cash equivalents

Cash and cash equivalents	618,524	13,670,678
Call investment deposits	60,286,785	59,802,840
	60,905,309	**73,473,518**

38. Prior period errors

Correction of prior year error due to the identification of land as investment property in the valuation roll where the fair value could only be confirmed in the year under review.

The correction of the error(s) results in adjustments as follows:

Statement of financial position		
Investment property	23,635,492	-
Opening Accumulated Surplus or Deficit	(23,635,492)	-

39. Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance	17,599	-
Fruitless and wasteful expenditure current year	5,705	17,599
Condoned or written off by Council	-	-
To be recovered - contingent asset	(17,599)	-
Fruitless and wasteful expenditure awaiting condonement	**5,705**	**17,599**

Expenditure due to missed flights and extra hotel requests

Notes to the Annual Financial Statements

	2014 R	2013 R

40. Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	1,466,375	2,976,259
Irregular Expenditure - current year	-	1,466,375
Condoned or written off by Council	(1,466,375)	(2,976,259)
Irregular expenditure awaiting condonement	**-**	**1,466,375**

Details of irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings		
No public invitation was made for quotations above R30,000	Not applicable	-	1,442,195
Procurement with employees in the service of the state	Ongoing disciplinary	-	3,000
Member in the employ of the Municipality	Ongoing disciplinary	-	21,180
		-	**1,466,375**

Unauthorized Expenditure

Debt impairement	15,015,081	-
Depreciation	16,632,384	-
Employee related costs	4,303,632	-
	35,951,097	**-**

Identified unauthorised expenditure was due to the accrual basis of budgeting against the cash basis of reporting. The depreciation is the backlog depreciation on revaluated assets where as the implementation of the job evaluation resulted in the increase on employee related costs. Adjustement budget was adopted to address other genenral overspending.

41. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	-	-
Current year subscription / fee	212,825	183,133
Amount paid - current year	(212,825)	(183,133)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

Audit fees

Opening balance	-	-
Current year subscription / fee	1,397,965	1,473,713
Amount paid - current year	(1,397,965)	(1,473,713)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

	2014 R	2013 R

41. Additional disclosure in terms of Municipal Finance Management Act (continued)

VAT

VAT receivable	-	83,559
VAT payable	707,483	-
	707,483	**83,559**

PAYE and UIF

Opening balance	-	-
Current year subscription / fee	6,538,739	4,349,965
Amount paid - current year	(6,538,739)	(4,349,965)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents PAYE and UIF deducted from the June 2013 payroll. These amounts were paid during July 2014.

Pension and Medical Aid Deductions

Opening balance	-	-
Current year subscription / fee	10,152,632	7,541,338
Amount paid - current year	(10,152,632)	(7,541,338)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	**-**	**-**

The balance represents pension and medical aid contributions deducted from employees payroll as well as Council's contributions to pension and medical aid funds. These amounts were paid during July 2012.

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2014:

30 June 2014	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Dube EL	567	8,390	8,957
Gumede MM	772	30,129	30,901
Zibane JS	656	18,482	19,138
Ziqubu MM	446	943	1,389
Masondo NP	375	1,013	1,388
	2,816	**58,957**	**61,773**

Material losses through Electricity distribution

Current year subscription / fee	192,216	1,045,824

No disciplinary actions will be taken as the losses are not due to negligence. Council is in the process of addressing this technical losse via a meter audit programme.

The amount of losses are equivalent to 480141 Kwh (1666754 KwH : 2013) loss of energy.

	2014 R	2013 R

42. Commitments

Commitments in respect of capital expenditure

Approved and contracted for		
• Property, plant and equipment	-	4,142,518
• Other financial assets	14,373,343	35,283,362
	14,373,343	**39,425,880**
This expenditure will be financed from		
Government grants	14,373,343	35,283,362

Operating leases - as lessee (expense)

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

Minimum lease payments due		
- within one year	-	1,105,660
- in second to fifth year inclusive	-	2,030,050
- later than five years	-	-
	-	**3,135,710**

Operating leases consist of the following:

Operating lease payments represent rentals payable by the municipality for certain of its office properties. 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.

43. Retirement benefit information

Defined Benefit Plan

The following are defined benefit plans: Natal Joints Superannuation, Retirement and Provident Funds (NJMP). These are not treated as defined benefit plans as defined by GRAP 25, but are accounted for as defined contribution plans. This is in line with the exemption in GRAP 25 par. 31 which states that where information required for proper defined benefit plan accounting is not available in respect of multi-employer and state plans, these should be accounted for as defined contribution plans. The municipality has been unsuccessful in obtaining the necessary information to support proper defined benefit plan accounting due to restrictions imposed by multi-employer plan. It is therefore deemed impractical to obtain this information at a suitable level of detail. Current contributions by council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every 5 years. The last valuation was done on 31 March 2006.

An interim valuation carried on the NJMP Superannuation (Defined Benefit) at 31 March 2006 concluded that the surcharge of 6% be retained for the year 30 June 2007 and thereafter at 4.5%.

The latest statutory valuation of the NJMP Retirement (Defined Benefit) as at 31 March 2007 reflects a fund deficit of R229,8 million in respect of the members. The total contribution rate payable, including the total surcharge of 14%, will eliminate the deficit by the year 2010.

The latest statutory valuation of the NJMP Provident Fund (Defined Contribution) as at 03 March 2007 revealed that the fund was in a sound financial position.

An amount of R2 498 218 was contributed by council in respect of councillors' and employees' retirement funding. These contributions have been expensed and are included in employee related costs for the year.

	2014 R	2013 R

44. Contingencies

Contingent liabilities

The municipality is defending the below mentioned cases for which the outcome cannot be confirmed as well as the final costs of liability represented by legal councils.

- Case against C M Thabethe for the amount of R20 000.00 defended by Mathew Francis Inc. Acting allowance claim
- Case against K E Mkhwanazi for the amount of R50 000.00 defended by Mathew Francis Inc. Eviction order
- Case against De Wet Lietch Attorneys for the amount of R200 000.00 defended by Ngidi and Co. Illegal use of land for bus route.

45. Related parties

No related party transactions and/or balances.

46. Events after the reporting date

There are no events that were reported at the reporting date.

47. Key sources of estimation uncertainty and judgements

The following areas involve a significant degree of estimation uncertainty:

- Useful lives and residual values of property, plant and equipment
- Provision for doubtful debts
- Impairment of assets

48. Risk management

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

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

The table below analyses the municipality’s financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	3,572,377	-	-	-
Consumer deposits	1,535,215	-	-	-

	2014 R	2013 R

48. Risk management (continued)

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The municipality's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the EXCO having regard to the prevailing and projected interest rates and the municipality's capacity to service such debt from future earnings and allocations however the long term loan's interest rate is fixed throughout the term of repayment. Balances exposed to the interest rate risk. The municipality's policy is to further manage interest rate risks so that fluctuations in interest rates do not have a material impact on the net surplus/ deficit.

Investments	60,286,785	59,802,839
Cash and cash equivalents	618,524	13,670,678
	60,905,309	**73,473,517**

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments 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 evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

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

Financial instrument	2014	2013
Receivables from non-exchange transactions	18,317,516	26,433,322
Receivables from exchange transactions	11,029,343	2,859,560
Cash and cash equivalents	618,524	13,670,678
Call investment deposits	60,286,785	59,802,840

The municipality is exposed to a number of guarantees for the overdraft facilities of economic entities and for guarantees issued in favour of the creditors of A (Pty) Ltd. Refer to note for additional details.

Trade and other receivables from exchange transactions	11,029,342	2,859,560
VAT receivable	-	83,559
Other receivables	11,603,242	26,373,290
	22,632,584	**29,316,409**

	2014 R	2013 R

49. Budget differences

Material differences between budget and actual amounts

The material difference between approved budget and actual result are the consequence of activities during the financial period. For details on the comparatives please refer to pages ? to ? in the anual report.

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only with the general government sector that excludes government business enterprises and certain other non-market government entities and activities.

The amounts in the annual financial statements were recast from the accrual basis to the cash basis and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the annual financial statements for timing differences associated with the continuing appropriation and differences in the entities covered (government business enterprises) were made to express the actual amounts on a comparable basis to the final approved budget. The amounts of these adjustments are identified in the following table.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

50. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the municipality.

The reporting period is longer/shorter than a year, therefore comparative amounts are not comparable to the current balances.

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
Loan Stock								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Structured loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Funding facility								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Development Bank of South Africa								
DBSA @ 15.82%	1	31/12/2010	-	-	-	-	-	-
DBSA @ 15.82%	2	31/12/2011	-	-	-	-	-	-
DBSA @ 15.82%	3	31/12/2012	-	-	-	-	-	-
DBSA @ 15.82%	4	31/12/2013	-	-	-	-	-	-

Schedule of external loans as at 30 June 2013

Loan Number	Redeemable	Balance at 30 June 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Bonds							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Other loans							
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**-**	**-**	**-**	**-**	**-**
Lease liability							
		-	569,379	-	569,379	-	569,379
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	**569,379**	**-**	**569,379**	**-**	**569,379**
Annuity loans							
		-	-	-	-	-	-
		-	-	-	-	-	-

Schedule of external loans as at 30 June 2013

	Loan Number	Redeemable	Balance at 30 June 2013 Rand	Received during the period Rand	Redeemed written off during the period Rand	Balance at 30 June 2014 Rand	Carrying Value of Property, Plant & Equip Rand	Other Costs in accordance with the MFMA Rand
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Government loans								
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**-**	**-**	**-**	**-**	**-**
Total external loans								
Loan Stock			-	-	-	-	-	-
Structured loans			-	-	-	-	-	-
Funding facility			-	-	-	-	-	-
Development Bank of South Africa			-	-	-	-	-	-
Bonds			-	-	-	-	-	-
Other loans			-	-	-	-	-	-
Lease liability			-	569,379	-	569,379	-	569,379
Annuity loans			-	-	-	-	-	-
Government loans			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	-	-	-	-	-
			-	**569,379**	**-**	**569,379**	**-**	**569,379**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	904,000	-	-	-	-	-	**904,000**	-	-	-	-	-	-	904,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	11,635,949	2,773,264	-	1,502,060	-	-	**15,911,273**	(1,059,407)	-	-	(321,488)	-	**(1,380,895)**	14,530,378
	12,539,949	**2,773,264**	-	**1,502,060**	-	-	**16,815,273**	**(1,059,407)**	-	-	**(321,488)**	-	**(1,380,895)**	**15,434,378**
Infrastructure														
Pavements & Bridges	6,766,000	217,004	-	-	-	-	**6,983,004**	(852,592)	-	-	(285,343)	-	**(1,137,935)**	5,845,069
Storm water	14,954,436	255,006	-	-	-	-	**15,209,442**	(2,267,321)	-	-	(853,515)	-	**(3,120,836)**	12,088,606
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,925,562	-	-	82,061	-	-	**2,007,623**	(191,156)	-	-	(71,969)	-	**(263,125)**	1,744,498
Street lighting	2,824,430	-	-	-	-	-	**2,824,430**	(312,571)	-	-	(224,362)	-	**(536,933)**	2,287,497
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	**704,238**	(97,747)	-	-	(40,591)	-	**(138,338)**	565,900
Roads	198,207,268	11,882,245	-	20,229,332	-	-	**230,318,845**	(43,097,212)	-	-	(14,072,744)	-	**(57,169,956)**	173,148,889
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Secirity Measures	99,820	157,084	-	-	-	-	**256,904**	(33,186)	-	-	(24,599)	-	**(57,785)**	199,119
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	225,481,754	**12,511,339**	-	**20,311,393**	-	-	**258,304,486**	**(46,851,785)**	-	-	**(15,573,123)**	-	**(62,424,908)**	**195,879,578**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	13,497,621	-	-	637,907	-	-	**14,135,528**	(1,412,724)	-	-	(564,620)	-	**(1,977,344)**	12,158,184
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,455,543	-	-	141,532	-	-	**21,597,075**	(999,905)	-	-	(726,017)	-	**(1,725,922)**	19,871,153
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	1,523,077	57,000	-	-	-	-	**1,580,077**	(506,933)	-	-	(40,987)	-	**(547,920)**	1,032,157
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	36,476,241	**57,000**	-	**779,439**	-	-	**37,312,680**	**(2,919,562)**	-	-	**(1,331,624)**	-	**(4,251,186)**	**33,061,494**

Mandeni Municipality
Mandeni Municipality
Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	2,444,473	6,558,596	(14,250)	-	-	-	**8,988,819**	(1,158,991)	6,545	-	(425,959)	-	**(1,578,405)**	7,410,414
Plant & equipment	5,505,646	590,767	(87,087)	-	-	-	**6,009,326**	(1,240,807)	64,946	-	(355,057)	-	**(1,530,918)**	4,478,408
Computer Equipment	1,918,167	1,095,814	(500,884)	-	-	-	**2,513,097**	(927,912)	358,101	-	(244,590)	-	**(814,401)**	1,698,696
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	1,193,153	289,487	(44,884)	-	-	-	**1,437,756**	(280,930)	26,587	-	(96,395)	-	**(350,738)**	1,087,018
Office Equipment	866,503	167,938	(222,761)	-	-	-	**811,680**	(521,598)	177,720	-	(62,382)	-	**(406,260)**	405,420
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	82,146	-	(82,146)	-	-	-	-	(59,450)	65,395	-	(5,945)	-	-	-
Tools and Equipments	334,925	455,155	(8,111)	-	-	-	**781,969**	(137,289)	6,489	-	(120,850)	-	**(251,650)**	530,319
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	84,472	-	(38,412)	-	-	-	**46,060**	(67,577)	30,729	-	-	-	**(36,848)**	9,212
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	115,485	682,814	-	-	-	-	**798,299**	(59,318)	-	-	(26,108)	-	**(85,426)**	712,873
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic Epuipment	9,024	-	(9,024)	-	-	-	-	(7,219)	7,219	-	-	-	-	-
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	15,014	-	(4,097)	-	-	-	**10,917**	(12,011)	3,277	-	-	-	**(8,734)**	2,183
	12,569,008	**9,840,571**	**(1,011,656)**	**-**	**-**	**-**	**21,397,923**	**(4,473,102)**	**747,008**	**-**	**(1,337,286)**	**-**	**(5,063,380)**	**16,334,543**

Mandeni Municipality
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Appendix B

Unaudited Analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-	**16,815,273**	(1,059,407)	-	-	(321,488)	-	**(1,380,895)**	15,434,378
Infrastructure	225,481,754	12,511,339	-	20,311,393	-	-	**258,304,486**	(46,851,785)	-	-	(15,573,123)	-	**(62,424,908)**	195,879,578
Community Assets	36,476,241	57,000	-	779,439	-	-	**37,312,680**	(2,919,562)	-	-	(1,331,624)	-	**(4,251,186)**	33,061,494
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-	**21,397,923**	(4,473,102)	747,008	-	(1,337,286)	-	**(5,063,380)**	16,334,543
	287,066,952	**25,182,174**	**(1,011,656)**	**22,592,892**	**-**	**-**	**333,830,362**	**(55,303,856)**	**747,008**	**-**	**(18,563,521)**	**-**	**(73,120,369)**	**260,709,993**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	344,315	-	-	(344,315)	-	-	**-**	(275,452)	-	275,452	-	-	**-**	-
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	344,315	**-**	**-**	**(344,315)**	**-**	**-**	**-**	**(275,452)**	**-**	**275,452**	**-**	**-**	**-**	**-**
Investment properties														
Investment property	23,162,500	-	-	-	23,443,700	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	23,162,500	**-**	**-**	**-**	**23,443,700**	**-**	**46,606,200**	**-**	**-**	**-**	**-**	**-**	**-**	**46,606,200**
Total														
Land and buildings	12,539,949	2,773,264	-	1,502,060	-	-	**16,815,273**	(1,059,407)	-	-	(321,488)	-	**(1,380,895)**	15,434,378
Infrastructure	225,481,754	12,511,339	-	20,311,393	-	-	**258,304,486**	(46,851,785)	-	-	(15,573,123)	-	**(62,424,908)**	195,879,578
Community Assets	36,476,241	57,000	-	779,439	-	-	**37,312,680**	(2,919,562)	-	-	(1,331,624)	-	**(4,251,186)**	33,061,494
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	12,569,008	9,840,571	(1,011,656)	-	-	-	**21,397,923**	(4,473,102)	747,008	-	(1,337,286)	-	**(5,063,380)**	16,334,543
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	344,315	-	-	(344,315)	-	-	**-**	(275,452)	-	275,452	-	-	**-**	-
Investment properties	23,162,500	-	-	-	23,443,700	-	**46,606,200**	-	-	-	-	-	**-**	46,606,200
	310,573,767	**25,182,174**	**(1,011,656)**	**22,248,577**	**23,443,700**	**-**	**380,436,562**	**(55,579,308)**	**747,008**	**275,452**	**(18,563,521)**	**-**	**(73,120,369)**	**307,316,193**

Mandeni Municipality
Mandeni Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Land and buildings														
Land (Separate for AFS purposes)	925,000	-	(21,000)	-	-	-	**904,000**	-	-	-	-	-	-	904,000
Landfill Sites (Separate for AFS pursoses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries (Separate for AFS purposes)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings (Separate for AFS purposes)	10,797,793	467,500	-	616,194	-	-	**11,881,487**	(779,630)	-	-	(279,777)	-	**(1,059,407)**	10,822,080
	11,722,793	**467,500**	**(21,000)**	**616,194**	-	-	**12,785,487**	**(779,630)**	-	-	**(279,777)**	-	**(1,059,407)**	**11,726,080**
Infrastructure														
Pavements & Bridges	6,766,000	-	-	-	-	-	**6,766,000**	(568,913)	-	-	(283,679)	-	**(852,592)**	5,913,408
Storm water	12,875,686	2,078,750	-	-	-	-	**14,954,436**	(1,424,596)	-	-	(842,725)	-	**(2,267,321)**	12,687,115
Generation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transmission & Reticulation	1,717,577	207,985	-	-	-	-	**1,925,562**	(129,494)	-	-	(61,662)	-	**(191,156)**	1,734,406
Street lighting	2,824,430	-	-	-	-	-	**2,824,430**	(88,210)	-	-	(224,362)	-	**(312,572)**	2,511,858
Dams & Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Terminals	704,238	-	-	-	-	-	**704,238**	(57,156)	-	-	(40,591)	-	**(97,747)**	606,491
Roads	171,968,626	15,536,977	-	9,774,616	-	-	**197,280,219**	(28,345,797)	-	-	(14,751,416)	-	**(43,097,213)**	154,183,006
Reticulation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Measures	40,819	59,000	-	-	-	-	**99,819**	(32,655)	-	-	(530)	-	**(33,185)**	66,634
Transportation (Airports, Car Parks, Bus Terminals and Taxi Ranks)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other (fibre optic, WIFI infrastructur)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	196,897,376	**17,882,712**	-	**9,774,616**	-	-	**224,554,704**	**(30,646,821)**	-	-	**(16,204,965)**	-	**(46,851,786)**	**177,702,918**
Community Assets														
Parks & gardens	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sportsfields and stadium	13,497,621	-	-	-	-	-	**13,497,621**	(848,104)	-	-	(564,620)	-	**(1,412,724)**	12,084,897
Swimming pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community halls	21,838,482	-	-	298,573	-	-	**22,137,055**	(273,888)	-	-	(726,017)	-	**(999,905)**	21,137,150
Libraries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recreational facilities	1,523,077	-	-	-	-	-	**1,523,077**	(466,345)	-	-	(40,588)	-	**(506,933)**	1,016,144
Clinics	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Museums & art galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	36,859,180	-	-	**298,573**	-	-	**37,157,753**	**(1,588,337)**	-	-	**(1,331,225)**	-	**(2,919,562)**	**34,238,191**

Mandeni Municipality
Mandeni Municipality
Appendix B

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Heritage assets														
Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised vehicles														
Refuse	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conservancy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ambulances	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets														
General vehicles	2,444,473	-	-	-	-	-	**2,444,473**	(952,609)	-	-	(206,382)	-	**(1,158,991)**	1,285,482
Plant & equipment	5,017,107	517,590	(29,051)	-	-	-	**5,505,646**	(937,189)	21,392	-	(325,010)	-	**(1,240,807)**	4,264,839
Computer Equipment	2,087,597	446,509	(615,939)	-	-	-	**1,918,167**	(1,176,955)	453,635	-	(204,592)	-	**(927,912)**	990,255
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings	849,212	448,815	(104,874)	-	-	-	**1,193,153**	(254,719)	50,624	-	(76,835)	-	**(280,930)**	912,223
Office Equipment	1,085,845	30,061	(249,404)	-	-	-	**866,502**	(647,131)	193,142	-	(67,609)	-	**(521,598)**	344,904
Office Equipment - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Abattoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	82,146	-	-	-	-	-	**82,146**	(46,378)	-	-	(13,072)	-	**(59,450)**	22,696
Tools and Equipment	321,116	27,050	(13,241)	-	-	-	**334,925**	(98,016)	10,593	-	(49,866)	-	**(137,289)**	197,636
Security measures	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Traffic Equipment	85,464	-	(991)	-	-	-	**84,473**	(68,371)	793	-	-	-	**(67,578)**	16,895
Other buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other land	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bins and Containers	114,385	1,100	-	-	-	-	**115,485**	(50,135)	-	-	(9,183)	-	**(59,318)**	56,167
Work in progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clinic equipment	19,096	-	(10,072)	-	-	-	**9,024**	(14,629)	7,762	-	(352)	-	**(7,219)**	1,805
Other Assets - Leased	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus Assets - (Investment or Inventory)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing development	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	15,014	-	-	-	-	-	**15,014**	(11,878)	-	-	(133)	-	**(12,011)**	3,003
	12,121,455	**1,471,125**	**(1,023,572)**	**-**	**-**	**-**	**12,569,008**	**(4,258,010)**	**737,941**	**-**	**(953,034)**	**-**	**(4,473,103)**	**8,095,905**

Mandeni Municipality
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Appendix B

Analysis of property, plant and equipment as at 30 June 2013

	Cost/Revaluation							Accumulated depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	WIP Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	WIP Rand	Depreciation Rand	Impairment loss Rand	Closing Balance Rand	Carrying value Rand
Total property plant and equipment														
Land and buildings	11,722,793	467,500	(21,000)	616,194	-	-	**12,785,487**	(779,630)	-	-	(279,777)	-	**(1,059,407)**	11,726,080
Infrastructure	196,897,376	17,882,712	-	9,774,616	-	-	**224,554,704**	(30,646,821)	-	-	(16,204,965)	-	**(46,851,786)**	177,702,918
Community Assets	36,859,180	-	-	298,573	-	-	**37,157,753**	(1,588,337)	-	-	(1,331,225)	-	**(2,919,562)**	34,238,191
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	12,121,455	1,471,125	(1,023,572)	-	-	-	**12,569,008**	(4,258,010)	737,941	-	(953,034)	-	**(4,473,103)**	8,095,905
	257,600,804	**19,821,337**	**(1,044,572)**	**10,689,383**	**-**	**-**	**287,066,952**	**(37,272,798)**	**737,941**	**-**	**(18,769,001)**	**-**	**(55,303,858)**	**231,763,094**
Agricultural/Biological assets														
Agricultural	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Intangible assets														
Computers - software & programming	344,315	-	-	-	-	-	**344,315**	(271,108)	-	-	(4,343)	-	**(275,451)**	68,864
Other	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	344,315	**-**	**-**	**-**	**-**	**-**	**344,315**	**(271,108)**	**-**	**-**	**(4,343)**	**-**	**(275,451)**	**68,864**
Investment properties														
Investment property	23,210,500	-	(48,000)	-	-	-	**23,162,500**	-	-	-	-	-	**-**	23,162,500
	23,210,500	**-**	**(48,000)**	**-**	**-**	**-**	**23,162,500**	**-**	**-**	**-**	**-**	**-**	**-**	**23,162,500**
Total														
Land and buildings	11,722,793	467,500	(21,000)	616,194	-	-	**12,785,487**	(779,630)	-	-	(279,777)	-	**(1,059,407)**	11,726,080
Infrastructure	196,897,376	17,882,712	-	9,774,616	-	-	**224,554,704**	(30,646,821)	-	-	(16,204,965)	-	**(46,851,786)**	177,702,918
Community Assets	36,859,180	-	-	298,573	-	-	**37,157,753**	(1,588,337)	-	-	(1,331,225)	-	**(2,919,562)**	34,238,191
Heritage assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Specialised vehicles	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Other assets	12,121,455	1,471,125	(1,023,572)	-	-	-	**12,569,008**	(4,258,010)	737,941	-	(953,034)	-	**(4,473,103)**	8,095,905
Agricultural/Biological assets	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Intangible assets	344,315	-	-	-	-	-	**344,315**	(271,108)	-	-	(4,343)	-	**(275,451)**	68,864
Investment properties	23,210,500	-	(48,000)	-	-	-	**23,162,500**	-	-	-	-	-	**-**	23,162,500
	281,155,619	**19,821,337**	**(1,092,572)**	**10,689,383**	**-**	**-**	**310,573,767**	**(37,543,906)**	**737,941**	**-**	**(18,773,344)**	**-**	**(55,579,309)**	**254,994,458**

Mandeni Municipality
Appendix C

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2014

	Cost/Revaluation							Accumulated Depreciation						
	Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
Municipality														
Executive & Council/Mayor and Council	723,468	405,797	(131,524)	-	-	-	**997,741**	(141,685)	80,519	-	(79,329)	-	**(140,495)**	857,246
Finance & Admin/Finance	7,834,626	822,246	(368,357)	1,502,060	-	-	**9,790,575**	(1,450,140)	277,175	-	(346,541)	-	**(1,519,506)**	8,271,069
Planning and Development/Economic Development/Plan	8,440,285	24,539,453	(105,414)	-	-	-	**32,874,324**	(2,708,862)	77,757	-	(629,282)	-	**(3,260,387)**	29,613,937
Health/Clinics	828,572	-	(18,471)	-	-	-	**810,101**	(81,181)	13,787	-	(19,992)	-	**(87,386)**	722,715
Comm. & Social/Libraries and archives	58,762,376	284,430	(12,351)	141,532	-	-	**59,175,987**	(2,440,986)	3,894	-	(1,228,551)	-	**(3,665,643)**	55,510,344
Housing	2,934	14,540	-	-	-	-	**17,474**	(843)	-	-	(1,500)	-	**(2,343)**	15,131
Public Safety/Police	666,025	617,455	(310,996)	-	-	-	**972,484**	(374,810)	242,244	-	(61,069)	-	**(193,635)**	778,849
Sport and Recreation	6,646,575	329,197	(55,809)	637,907	-	-	**7,557,870**	(1,239,252)	44,647	-	(333,272)	-	**(1,527,877)**	6,029,993
Environmental Protection/Pollution Control	-	-	-	-	-	-	**-**	(625)	-	-	-	-	**(625)**	(625)
Waste Water Management/Sewerage	7,053	4,227,210	(7,054)	-	-	-	**4,227,209**	(5,642)	5,643	-	(23,365)	-	**(23,364)**	4,203,845
Road Transport/Roads	224,399,859	17,379,587	(1,680)	22,579,974	-	-	**264,357,740**	(46,888,464)	1,343	-	(15,748,538)	-	**(62,635,659)**	201,722,081
Water/Water Distribution	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
Electricity /Electricity Distribution	2,261,976	5,953	-	82,060	-	-	**2,349,989**	(247,443)	-	-	(92,078)	-	**(339,521)**	2,010,468
Other/Air Transport	-	-	-	-	-	-	**-**	-	-	-	-	-	**-**	-
	310,573,749	**48,625,868**	**(1,011,656)**	**24,943,533**	**-**	**-**	**383,131,494**	**(55,579,933)**	**747,009**	**-**	**(18,563,517)**	**-**	**(73,396,441)**	**309,735,053**
Municipal Owned Entities														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total														
Municipality	310,573,749	48,625,868	(1,011,656)	24,943,533	-	-	**383,131,494**	(55,579,933)	747,009	-	(18,563,517)	-	**(73,396,441)**	309,735,053
Municipal Owned Entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Unaudited Segmental analysis of property, plant and equipment as at 30 June 2014

Cost/Revaluation							Accumulated Depreciation						
Opening Balance Rand	Additions Rand	Disposals Rand	Transfers Rand	Revaluations Rand	Other changes, movements Rand	Closing Balance Rand	Opening Balance Rand	Disposals Rand	Transfers Rand	Depreciation Rand	Impairment deficit Rand	Closing Balance Rand	Carrying value Rand
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
310,573,749	48,625,868	(1,011,656)	24,943,533	-	-	383,131,494	(55,579,933)	747,009	-	(18,563,517)	-	(73,396,441)	309,735,053

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand		Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
			Municipality			
631,569	24,982,927	(24,351,358)	Executive & Council/Mayor and Council	-	33,282,769	(33,282,769)
92,474,836	26,174,260	66,300,576	Finance & Admin/Finance	119,776,153	63,822,962	55,953,191
23,141,408	17,827,850	5,313,558	Planning and Development/Economic Development/Plan	35,589,168	19,846,091	15,743,077
93,917	482,502	(388,585)	Health/Clinics	-	288,666	(288,666)
880,458	5,048,909	(4,168,451)	Comm. & Social/Libraries and archives	1,453,349	8,984,549	(7,531,200)
-	865	(865)	Housing	-	6,222	(6,222)
86,830	3,677,360	(3,590,530)	Public Safety/Police	110,555	6,058,330	(5,947,775)
5,490	465,170	(459,680)	Sport and Recreation	26,950	549,350	(522,400)
-	-	-	Environmental Protection/Pollution Control	-	5,467,678	(5,467,678)
7,396,705	7,541,741	(145,036)	Waste Water Management/Sewerage	5,947,712	7,929,126	(1,981,414)
-	5,546,092	(5,546,092)	Road Transport/Roads	-	6,805,733	(6,805,733)
-	-	-	Water/Water Distribution	-	-	-
12,310,048	10,637,244	1,672,804	Electricity /Electricity Distribution	11,854,902	11,950,426	(95,524)
-	-	-	Other/Air Transport	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
137,021,261	**102,384,920**	**34,636,341**		**174,758,789**	**164,991,902**	**9,766,887**
			Municipal Owned Entities			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
			Other charges			
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	**-**	**-**		**-**	**-**	**-**
137,021,261	102,384,920	34,636,341	Municipality	174,758,789	164,991,902	9,766,887
-	-	-	Municipal Owned Entities	-	-	-
-	-	-	Other charges	-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-

Segmental Statement of Financial Performance for the year ended

Prior Year				Current Year		
Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand	Rand	Actual Income Rand	Actual Expenditure Rand	Surplus /(Deficit) Rand
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
-	-	-		-	-	-
137,021,261	**102,384,920**	**34,636,341**	**Total**	**174,758,789**	**164,991,902**	**9,766,887**

Mandeni Municipality
Appendix F
Unaudited Disclosures of Grants and Subsidies in terms of Section 123 MFMA, 56 of 2003

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed / withheld					Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for noncompliance
		Jul	Oct	Jan	Apr	Jun	Jul	Oct	Jan	Apr	Jun	Jun	Sep	Dec	Mar	Jun		Yes/ No	
MIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
NDPG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
Small Towns	PT COGTA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
FMG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
MSIG	NT	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		Yes	
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			

Note: A municipality should provide additional information on how a grant was spent per Vote. This excludes allocations from the Equitable Share.