

Annual Financial Statements

for

Ulundi Local Municipality

for the year ended 30 June 2016

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

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By: _____

By: _____

Approved by: _____

By: _____

MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2016

Local Municipality

KZN266

in local governance activities, which includes planning
omic and environmental development and supplying
ervice - All types of services rendered by the Municipality,
the community and includes the rental of units owned by
ces - The collection, disposal and purifying of waste,
distributed to consumers by the Municipality.

Her Worship the Mayor
Honourable Deputy Mayor
Honourable Speaker

Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee
Member of the Executive Committee

Note to User:

List the names of the mayor, speaker, members, etc. Include dates appointed, resigned, deceased, etc

Councillor R B Nyawo (M)
Councillor S M Buthelezi (M)
Councillor S N Buthelezi (M)
Councillor S P Ximba (F)
Councillor S V Mdluli (M)
Councillor S V Ngcobo (M)
Councillor S Z Mkhize (M)
Councillor T J Manqele (M)
Councillor T K Mkhize (M)
Councillor T L Khumalo (F)
Councillor V E Zungu (M)
Councillor W T Ndebele (M)
Councillor Z Siyaya (F)
Councillor Z L Buthelezi (M)
Councillor M W Sithole (M)
Councillor N Z Ncala (M)
Councillor P M Mthethwa (M)
Councillor S F Cindi (M)
Councillor L Yaka (M)

Mr NG Zulu

J H Mhlongo

Grade 3

Low Capacity

Auditor - General South Africa

Cox & Partners and Bothas Incorporated

First National Bank

MUNICIPALITY
FOR THE YEAR ENDED 30 JUNE 2016

Cnr Princess Magogo & King Zwelithini Streets, Ulundi

Cnr Princess Magogo & King Zwelithini Streets

Ulundi

3838

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Ulundi Local Municipality
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Independent Auditor's Report

Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and integrity of the Annual Financial Statements and related financial information. The Accounting Officer is responsible for ensuring that the Annual Financial Statements fairly present the financial position and the results of its operations and cash flows for the year ended 30 June 2016 and to express an independent opinion on the annual financial statements and related data.

The financial statements were prepared in accordance with Standards of Generally Recognised Accounting Practice, guidelines and directives issued by the Accounting Standards Board.

The accounting policies consistently applied and supported by appropriate estimates.

The Accounting Officer is ultimately responsible for the system of internal financial control established by the Municipality. To enable the Accounting Officer to set standards for internal control aimed at reducing the risk of misstatement, the standards include the proper delegation of responsibilities within a clearly defined structure and adequate segregation of duties to ensure an acceptable level of risk. The Accounting Officer and all employees are required to maintain the highest ethical standards in the Municipality in a manner that in all reasonable circumstances is above reproach. The focus is on identifying, assessing, managing and monitoring all known forms of risk across the Municipality. If risks are not fully eliminated, the Municipality endeavours to minimise it by ensuring that the risks are managed within predetermined procedures.

Based on the information and explanations given by Management, the system of internal financial control can provide only reasonable, and not absolute, assurance that the financial records may be relied on for the preparation of the Annual Financial Statements.

Municipality's cash flow forecast for the period to 30 June 2016 and, in the light of this, it is satisfied that the Municipality has or has access to adequate resources to continue its operations for the foreseeable future.

The benefits of Councillors, and payments made to Councillors for loss of office, if any, as provided for in the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's Regulations, are within the upper limits of the framework envisaged in the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's Regulations.

The financial statements on pages 5 to 39, which have been prepared on the assumption that the municipality will continue to operate for the next 12 months, were approved and signed by the Accounting Officer on 30 June 2016.

Insert date of signature of financial statements

Ulundi Local Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2016

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Ulundi Local Municipality
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R	2015 R
ASSETS			
Current assets			
		45 395 797	34 679 265
Cash and cash equivalents	2	2 377 665	4 246 240
Trade and other receivables from exchange transactions	3	7 961 237	6 264 262
Other receivables from non-exchange transactions	4	22 886 116	12 163 135
Inventories	5	2 838 480	1 119 086
VAT receivable	6	9 332 299	10 886 542
Non-current assets			
		469 418 891	464 814 434
Property, plant and equipment	7	406 047 957	401 417 641
Heritage Assets	7.1	10 501	10 501
Investment property	8	63 257 000	63 257 000
Intangible assets	9	103 433	129 292
Total assets		514 814 688	499 493 699
LIABILITIES			
Current liabilities			
		120 502 557	104 437 845
Trade and other payables from exchange transactions	10	110 716 422	96 749 123
Consumer deposits		2 249 126	2 239 281
Current provisions	11	631 476	605 236
Current portion of unspent conditional grants and receipts	12	1 121 205	1 285 883
Current portion of long service awards	13	840 394	170 446
Current portion of finance lease liability	15	4 941 832	3 387 876
Non-current liabilities			
		9 127 857	13 460 430
Non-current portion of long service awards	13	4 497 179	3 887 819
Long term portion of finance lease liability	15	4 630 678	9 572 611
Total liabilities		129 630 414	117 898 275
NET ASSETS			
		385 184 331	381 684 480
Reserves	16.2	10 690	10 690
Accumulated surplus	16.1	385 173 641	381 673 790
Total net assets		385 184 331	382 298 456

Notes to the user:

Rows may be inserted for additional warrant disclosure on the face of financial position. Be sure to update the sub-totals and totals lines if n in. GRAP 1 states: **"Additional li and sub-totals shall be present the statement of financial position presentation is relevant to an u**

Investment property:

Delete note and line item which

(refer to accounting policy of n treatment of investment proper

GRAP 1 does not prescribe th which items are to be preser simply provides a list of items different in nature or function presentation on the face of the position.

In addition:
 (a) line items are included whe function of an item or aggregati such that separate presentatio understanding of the entity's fina
 (b) the descriptions used and th aggregation of similar items according to the nature of the en

Ulundi Local Municipality
ANNUAL FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 R	2015 R
Revenue			
Revenue from exchange transactions:			
Property rates	17	49 076 268	50 615 313
Property rates - penalties imposed and collection charges	17	9 004 277	5 244 357
Service charges	18	65 648 003	55 738 020
Rental of facilities and equipment	19	971 013	798 189
Interest earned - external	20	3 956 490	824 987
Revenue from non exchange transactions:			
Fines	35.2	15 387 163	7 001 488
Licences and permits		2 771 043	2 486 458
Government grants and subsidies	21	182 102 476	156 962 549
Other income	22	29 962 131	1 474 502
Total revenue		358 878 864	281 145 863
Expenses			
Employee related costs	23	102 912 764	81 836 402
Remuneration of councillors	24	14 057 365	13 487 389
Provision for Impairment of Trade Debtors	3	15 736 105	22 900 830
Depreciation	25	40 305 766	52 469 480
Amortisation	8	25 859	
Impairment loss	7	-	307 400
Repairs and maintenance	14	9 595 462	7 926 474
Finance costs	26	6 194 401	1 880 137
Bulk purchases	27	62 251 722	54 514 242
Contracted services	28	58 198 372	41 477 499
General expenses	29	46 101 196	31 708 324
Total expenses		355 379 013	308 508 177
Gain / (loss) on sale of assets	30	-	(96 870)
Profit / (loss) on fair value adjustment	8		
Surplus / (deficit) for the period		3 499 851	(27 459 184)

Notes to the user:

All items of revenue a period shall be included. Standard of Generally Accepted Accounting Principles requires or permits other accounting" and no by the period. Some exceptions include:
- Revaluation movements
- Gains or losses on financial instruments
- Correction of error in
- Retrospective changes

Note: It is important to delete/hide unused

-

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NB: Where there is an always insert a separate the financial statement

Ulundi Local Municipality STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2016					
	Revaluation Reserve	Other reserves	Total Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
	R	R	R	R	R
Balance at 30 June 2014 as previously reported				409 224 662	409 224 372
Prior year adjustment provision for long service leave	10 600			(28 000)	(278 000)
Prior year adjustment depreciation				(63 000)	(63 000)
Change in Accounting estimate				129 293	129 293
Balance at 30 June 2014 now restated	10 600			409 163 974	409 163 664
Surplus (deficit) for the year - 2014/2015 restated				(27 491 184)	(27 491 184)
Restated balance at 30 June 2015	10 600			381 672 790	381 684 480
Surplus / (deficit) for the year - 2015/2016				3 499 851	3 499 851
Balance at 30 June 2016	10 600			385 172 641	385 184 331

Note: It is important to delete un-
 (ending. "Other reserves" should
 note of any other reserves that
 disclose separately.

Notes to the
 financial statements

On conveyance of
 reserves to
 separate
 GRAP do
 not report
 However,
 require
 reserve,
 showing
 transition
 against
 bypassed

Ulundi Local Municipality ANNUAL FINANCIAL STATEMENTS CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016			
	Note	2016 R	2015 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Customers and Government		330 378 465	277 663 636
Cash paid to suppliers and employees		(278 899 844)	(237 715 346)
Interest received	31	51 478 621	39 948 290
Interest paid		1 161 430	824 987
		(6 194 401)	(1 880 137)
Net cash flows from operating activities		46 445 650	38 893 140
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)		(44 936 195)	(57 410 858)
Proceeds from sale of fixed assets			243 130
Net cash flows from investing activities		(44 936 195)	(57 167 728)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in consumer deposits		9 847	261 821
Increase/(decrease) in Finance lease liability		(3 387 877)	12 942 353
		-	-
Net cash flows from financing activities		(3 378 030)	13 204 174
Net increase / (decrease) in net cash and cash equivalents		(1 868 575)	(5 070 414)
Net cash and cash equivalents at beginning of period		4 246 240	9 316 654
Net cash and cash equivalents at end of period	32	2 377 665	4 246 240

Notes to the user:

Note: The list of possible line items provided here is not exhaustive should tailor the line items to be more applicable to their entity, all ensuring that the main principals of distinguishing between operational investing and financing activities are complied with. The Cash Flow Statement has not been automated as doing so often increases the balancing errors.

← balance check

in balance in balance

Note: It is important to delete unused rows.

balance check →

ULUNDI LOCAL MUNICIPALITY
STATEMENT OF COMPARISON OF ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2016

	Approved Budget R	Adjustments R	Final Budget R	Actual R	Actual vs Final budget Variance R	Actual vs Final budget Variance % %	Explanation of significant variances greater than 10 % versus budget
Revenue							
Property rates	55 196 514		55 196 514	49 076 268	6 120 246	11.09	This is due to the implementation of the ammendment
Property rates - penalties imposed and collection charges	1 500 000		1 500 000	9 004 277	(7 504 277)	-500.29	Increase of debtors which has resulted to increase of penalties
Service charges	79 384 956	4 102 010	83 486 966	65 648 003	17 838 963	21.37	Eskom payment which was received after adjustment budget
Rental of facilities and equipment	675 162		675 162	971 013	(295 851)	-43.82	Increase community events
Interest earned - external investments	550 000	570 000	1 120 000	3 956 490	(2 836 490)	-253.26	Interest earned from investment accounts
Fines	2 520 000	2 000 000	4 520 000	15 387 163	(10 867 163)	-240.42	Law enforcement of recovering of fines
Licences and permits	2 880 000		2 880 000	2 771 043	108 957	3.78	
Government grants and subsidies	140 030 000		140 030 000	182 102 476	(42 072 476)	-30.05	Additional MIG funding received
Other income	3 712 723		3 712 723	29 962 131	(26 249 408)	-707.01	This is as a result of the money recovered on the wheeling charges
Proceeds on sale on assets			-	-	-		
Provision for bad debts adjustment			-	-	-		
Total Revenue	286 449 355	6 672 010	293 121 365	358 878 864	(65 757 499)		
Expenses							
Employee related costs	80 074 832	36 901 057	116 975 889	102 912 764	14 063 125	12.02	Vacant posts filled towards end of financial year
Remuneration of councillors	13 238 691	250 000	13 488 691	14 057 365	(568 674)	-4.22	
Bad debts			-	-	-		
Provision for Impairment of Trade Debtors	6 903 000	15 298 340	22 201 340	15 736 105	6 465 235	29.12	Implementation of credit control Interest charged to outstanding debtorsIncrease in accounts receivable
Depreciation and amortisation expense	70 000 000		70 000 000	40 331 625	29 668 375	42.38	capital projects that were not completed during the financial year
Impairment loss	1 274 400		1 274 400	-	1 274 400	100.00	verification was done by an expert but no impairment was recommended
Repairs and maintenance	14 121 517		14 121 517	9 595 462	4 526 055	32.05	savings due to utilisation of internal skills
Finance costs	150 000	6 044 401	6 194 401	6 194 401	-	-	
Bulk purchases	99 715 160		99 715 160	62 251 722	37 463 438	37.57	Ongoing engagement with Eskom which has not been finalised as yet
Contracted services	56 486 069	1 336 068	57 822 137	58 198 372	(376 235)	-0.65	
General expenses	49 646 500		49 646 500	46 101 196	3 545 304	7.14	
Total Expenses	391 610 169	59 829 866	451 440 035	355 379 013	96 061 022	21.28	
Gain / (loss) on sale of assets				-	-		
Change in Accounting Estimate				-	-		
Profit / (loss) on fair value adjustment				-	-		
Surplus / (deficit) for the period	-105 160 814	-53 157 856	-158 318 670	3 499 851	(161 818 521)	-4 623.58	

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

MPRA.

STATEMENT OF ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2016

	Additions	Under Construction	Total Additions	Budgeted Additions	Variance
	R	R	R	R	
Infrastructure					
Roads	6 130 002	10 652 540	16 782 542	17 500 000	-717 458
Buildings		2 199 375	2 199 375	2 293 014	-93 639
	6 130 002	12 851 916	18 981 918	19 793 014	-811 096
Community Assets					
Recreational facilities	5 809 963	14 325 834	20 135 797	15 433 497	4 702 300
	5 809 963	14 325 834	20 135 797	15 433 497	4 702 300
Other Assets					
Furniture and fittings					-
Computer Equipment				-	-
Machinery and equipment	5 818 478		5 818 478	5 818 478	-
Vehicles					-
	5 818 478	-	5 818 478	5 818 478	-
					-
Total	17 758 443	27 177 749	44 936 193	41 044 989	3 891 204

ULUNDI LOCAL MUNICIPALITY

APPROPRIATION STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

2016 2 015

	Approved Budget	Budget Adjustments	Final Adjustment	Shifting of funds	Final Budget	Audit outcome	Unauthorised	Variance	Audit outcome	Audit outcome	Reported	Expenditure
		(i. to. S28 and s31 of	Budget	(i. to. S31 of			expenditure		as % of Final Budget	as % of Original	unauthorised	authorised in terms
	R	the MFMA)	R	the MFMA)		R	R			Budget	expenditure	of s32 of MFMA
Revenue												
Property rates	55 196 514	0	55 196 514		55 196 514	49 076 268		6 120 246	89	89		
Property rates - penalties imposed and collection charges	1 500 000		1 500 000		1 500 000	9 004 277		-7 504 277	600	600		
Service charges	83 486 966		83 486 966		83 486 966	65 648 003		17 838 963	79	79		
Rental of facilities and equipment	675 162		675 162		675 162	971 013		-295 851	144	144		
Interest earned - external investments	550 000	570 000	1 120 000		1 120 000	3 956 490		-2 836 490	353	353		
Fines	4 520 000		4 520 000		4 520 000	15 387 163		-10 867 163	340	340		
Licences and permits	2 880 000		2 880 000		2 880 000	2 771 043		108 957	96	96		
Government grants and subsidies	140 030 000		140 030 000		140 030 000	182 102 476		-42 072 476	130	130		
Other income	3 712 723		3 712 723		3 712 723	29 962 131		-26 249 408	807	807		
Proceeds on sale on assets	0		0		0						0	
Provision for bad debts adjustment	0	0			0						0	
Total Revenue	292 551 365	570 000	293 121 365		293 121 365	358 878 864		-65 757 499				
Expenses												
Employee related costs	80 074 832	36 901 057	116 975 889		116 975 889	102 912 764		14 063 125	88	88	2 327 166	2 327 166
Remuneration of councillors	13 238 691	250 000	13 488 691		13 488 691	14 057 365		-568 674	104	104		
Bad debts			0		0	0		0			0	
Provision for Impairment of Trade Debtors	6 903 000	15 298 340	22 201 340		22 201 340	15 736 105		6 465 235			0	
Depreciation and amortisation expense	70 000 000		70 000 000		70 000 000	40 331 625		29 668 375	58	58		
Impairment loss	1 274 400		1 274 400		1 274 400	0		1 274 400	0	0		
Repairs and maintenance	14 121 517		14 121 517		14 121 517	9 595 462		4 526 055	68	68		
Finance costs	150 000	6 044 401	6 194 401		6 194 401	6 194 401		0	100	100		
Bulk purchases	99 715 160		99 715 160		99 715 160	62 251 722		37 463 438	62	62		
Contracted services	56 486 069	1 336 068	57 822 137		57 822 137	58 198 372		-376 235	101	101		
General expenses	49 646 500		49 646 500		49 646 500	46 101 196		3 545 304	93	93		
Total Expenses	391 610 169	59 829 866	451 440 035		451 440 035	355 379 013		96 061 022	79	79		
Gain / (loss) on sale of assets								0				
Transfers recognised capital	50 226 511	4 000 000	54 226 511		54 226 511			54 226 511				
Profit / (loss) on fair value adjustment							0					
Surplus / (deficit) for the period	(99 058 804)	(55 259 866)	(104 092 159)		(104 092 159)	3 499 851	-	(107 592 010)	-3	-3		
Capital expenditure and fund sources												
Capital expenditure												
Transfers recognised capital	38 994 000		38 994 000		38 994 000	43 505 269		-4 511 269	112	112		
Public donations & contributions			0		0			0			0	
Borrowing			0		0			0			0	
Internally generated funds			0		0			0			0	
Total sources of capital funds	38 994 000	0	38 994 000		38 994 000	43 505 269		-4 511 269	0	0		
Cashflows												
Net cash flows from (used) operating activities						46 445 650						
Net cash flows from (used) investing activities						-44 936 195						
Net cash flows from (used) financing activities						-3 378 030						
Cash and cash equivalents at year end						2 377 665						

Ulundi Local Municipality
ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2016

BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

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

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

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

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

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

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

1.2 PRESENTATION CURRENTY

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

1.3 GOING CONCERN ASSUMPTION

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

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1 and 24, has been provided in a statement of comparison of actual and budget to these financial statements and forms part of the audited annual financial statements.

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

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

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

GRAP 18 Segment Reporting

PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

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

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

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

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

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

2.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)

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

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

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

Derecognition

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

2.3 DEPRECIATION AND IMPAIRMENT

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

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

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

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

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

INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

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

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

Intangible assets are initially recognised at cost.

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

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

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

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

3.3 AMORTISATION AND IMPAIRMENT

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

Computer software

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

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

3.4 DERECOGNITION

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

INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

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

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

4.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

INVENTORIES

5.1 INITIAL RECOGNITION

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

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

5.2 SUBSEQUENT MEASUREMENT

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

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

FINANCIAL INSTRUMENTS

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

6.1 INITIAL RECOGNITION

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The entity does not offset a financial asset or financial liability unless a legally enforceable right to offset the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. "Fair value methods and assumption. The fair values of financial instruments are determined as follows: The fair value of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unutilised securities), the company establishes fair value by using valuation techniques. These include the use of the recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs."

6.2 The effective interest rate

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

6.3 Amortised cost

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

6.4 SUBSEQUENT MEASUREMENT

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

6.4.1 INVESTMENTS

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

6.4.2 TRADE AND OTHER RECEIVABLES

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

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

6.4.3 TRADE PAYABLES AND BORROWINGS

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

6.4.4 CASH AND CASH EQUIVALENTS

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

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

6.4.5 INITIAL RECOGNITION

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

UNAUTHORISED EXPENDITURE

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

IRREGULAR EXPENDITURE

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

FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

PROVISIONS

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

Note, MFMA & standards ref:

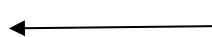
GRAP 1

Notes on the use of these accounting policies:
These policies have been based directly on the GRAP Standards and, where silent, SA GAAP equivalents. An attempt has been made at using wording that will be applicable to the widest range of municipalities. The user of this template is responsible for ensuring that the policies that are included in the financial statements are an accurate portrayal of the policies applied by the municipality. Where alternative policy choices exist, this has as far as possible been reflected in the template. Guidelines for the user as to appropriate wording for the different options are provided. The user should delete all non-applicable wording and make the necessary amendments to the formatting and layout of the accounting policies after doing so. These policies should be viewed as a bare minimum - the list is not necessarily exhaustive. In particular, some wording has been highlighted in blue to draw attention to it. In some instances, a particular assumption has been made that might not be appropriate in all instances.

GRAP 1

GRAP 1

GRAP 1



When an municipality has not applied a new standard of GRAP (or a new or amended standard or interpretation of GAAP/IFRS) that has been issued but is not yet effective, disclose:

(a) this fact; and
assessing the possible impact that application of the new or amended

(a) the title of the new standard of GRAP (or a new or amended

Note 11



Note: GRAP 17 provides an accounting policy choice: either the Cost Model or the Revaluation Model should be selected as the accounting basis for PPE. This policy decision should be applied consistently from year to year and must be applied to the entire class of PPE. For example, if the municipality chooses to carry a certain piece of land at fair value, ALL land must be carried at fair value.

Note: Previously, GAMAP did not specify that depreciation starts from the moment the asset is available for use. Adoption of GRAP changes this and it may require an underlying system change if the system is currently set up to depreciate an asset only when it is brought into use.

Note: Similar to PPE, GRAP 102 provides an accounting policy choice: either the Cost Model or the Revaluation Model should be selected as the accounting basis for Intangible assets. Since municipalities rarely have intangible assets that are subject to revaluation, this template assumes that the

GRAP 16
Note 13

GRAP 12
Note 5

Note 2, 3, 4 and 8

Note: In determining the classes of financial instruments, a municipality shall, at a minimum distinguish instruments measured at amortised cost from those measured at fair value.

Note 16, 22 and 24

Note 1

Note: The municipality must decide whether cash and cash equivalents are to be categorised as loans and receivables financial assets or as available for sale financial assets. Neither is more correct and there is no significant accounting effect arising from this decision. However, the decision changes the financial instrument disclosure slightly. The default position adopted in this template is to treat cash and cash equivalents as amounts "receivable" from the bank, i.e. loans and receivables.

MFMA S125 (2) (d)
Note 50.1

Note 50.3

Note 50.2

Note 20, 25 and 52

Ulundi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2016

MFMA & standards ref:

REFERENCE

NOTE TO USER: THESE NOTES
BE TAILORED TO SUIT THE
PARTICULAR ATTENTION TO
ONLY AND REQUIRE
DISCLOSURES SHOULD BE

	Note	2016 R	2015 R	
CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of the following:				
Cash on hand		172 734	127 938	
Cash at bank		877 961	3 596 383	4679486
Call deposits		1 326 969	521 919	-4661022
		<u>2 377 665</u>	<u>4 246 240</u>	
				18464

IAS 39

MFMA S125 (2) (a)

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

First National Bank - Ulundi: 62035267609				
Cash book balance at beginning of year		3 528 759	6 419 103	
Cash book balance at end of period		825 691	3 528 759	4569986
Bank statement balance at beginning of year		3 596 383	6 419 103	
Bank statement balance at end of period		825 691	3 528 759	

Note: Delete unused rows, and

Current Account (Other Account)

First National Bank - Ulundi Branch: 62033637846				
Cash book balance at beginning of year		67 624	4 881	
Cash book balance at end of period		42 143	67 624	
Bank statement balance at beginning of year		67 624	4 881	
Bank statement balance at end of period		42 143	67 624	

Note: Delete unused rows, and add any additional rows as required

Debit Card account

First National Bank - 8812710030007004				
Cash book balance at beginning of year		-		
Cash book balance at end of period		10 127		
Bank statement balance at beginning of year				
Bank statement balance at end of period		10 127		

Cash on hand

Petty cash		1 000	1 000	
Main direct cashiers clearing account		139 309	126 938	
Traffic cashiers clearing account		32 425		
		172 734	127 938	

Cash at bank

Primary bank account		825 691	3 528 759	
Salaries bank account		42 143	67 624	
Credit card		10 127		
		877 961	3 596 383	

Call Accounts - FNB

(FNB 62328066776 Electricity Sales Acc)		495 845	3 859	
(FNB 62324120261 DME Account)		6 022	60 957	
(FNB 62062833639 Housing Grant)		46 754	12 419	
(FNB 62067492802 Conditional Grant)		2 494	7 863	
(FNB 62064936093 FMG GRANT)		32 195	5 706	
(FNB 62064936340 Statutory Funds)		658 468	18 507	
(FNB 62064935855 Mayoral Empowerment)		6 642	26 240	
(FNB 62067492943 MIG Funds)		17 705	24 704	
(FNB 62067492638 Community Gardens)		2 035	2 015	
(FNB 62408436675 DDA)		10 925	10 626	
(FNB 62539513897 Disaster)		6 107	103 229	
(FNB 62228583888 MSIG ACC)		38 925	58 078	
(Fnb 62179391190 Investment Acc Main)		647	113 127	
(Fnb 62261683471 Traffic revenue)		2 205	74 589	
		<u>1 326 969</u>	<u>521 919</u>	

Short term deposits

Deposits on call with banks		1 326 969	521 919	
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Cash on hand

Total cash and cash equivalents		<u>2 377 664</u>	<u>4 246 240</u>	
---------------------------------	--	------------------	------------------	--

Unutilised Conditional Grants must be ring fenced and separately invested. This was not implemented and amounts invested at year end were insufficient to cover the value of unspent conditional grants, as indicated hereunder:

Unutilised Conditional Grants		1 121 205	1 285 883	
Amounts Invested		1 326 969	521 919	
Surplus (Shortfall)		<u>205 764</u>	<u>(763 964)</u>	

Ulundi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2016

MFMA & standards ref:

REFERENCE

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Note	2016 R	2015 R
TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS		
<u>Trade receivables</u>		
as at 30 June 2016		
Service debtors	54 166 129	48 039 682
Rates	70 943 474	69 108 684
Total	125 109 603	117 148 366

Note	2016 R	2015 R
Total Trade and other receivables	125 109 603	96 170 240
as at June 2015		
Service debtors	37 562 588	32 416 468
Rates	70 198 292	69 080 150
Total	107 760 880	101 496 618

Note	2016 R	2015 R
Total Trade and other receivables	107 760 880	101 496 618

Rates: Ageing	2016 R	2015 R
Current (0 – 30 days)	1 648 802	1 533 393
31 - 60 Days	773 660	712 955
61 - 90 Days	612 867	557 878
91 - 120 Days	376 587	474 844
121 Days and over	67 531 558	66 919 222
Total	70 943 474	70 198 292

Note: The total should agree to the **Gross** amount included in the note above.

Electricity and other: Ageing	2016 R	2015 R
Current (0 – 30 days)	18 519 244	8 984 925
31 - 60 Days	2 875 185	1 431 695
61 - 90 Days	3 529 678	409 901
91 - 120 Days	8 196 743	668 762
121 Days and over	21 129 616	26 067 305
Total	54 250 466	37 562 588

Note: The total should agree to the **Gross** amount included in the note above.

IFRS 7 (ED 52)

Reconciliation of the doubtful debt provision	2016 R	2015 R
Balance at beginning of the year	101 496 618	78 595 788
Contributions to doubtful debt provision	15 736 105	22 900 830
Reversal of provision		
Balance at end of year	117 232 723	101 496 618

96170240

The ageing of amounts past due but not impaired is as follows:	2016 R	2015 R
1 month past due	638 182	968 937
2 months past due	-	1 244 160
Less 3 months past due	638 182	2 213 097

No government debts have been provided for in the above amount

Trade and other receivables impaired

As of 30 June 2016, trade and other receivables of R204 861 627 were impaired and provided for.

The fair value of trade and other receivables approximates their carrying amounts.

123 697 958	100 724 889
123 697 958	100 724 889

IFRS 7 (ED 52)

OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

IAS 39

Other debtors (Petrol deposit)	30 000	30 000
Accrued interest on investments	8 641	5 353
Traffic fines accruals	17 231 702	6 505 019
Traffic fines (Fruitless expenses recovery)	25 000	25 000
Other debtors	5 590 773	5 597 763
Total Other Debtors	22 886 116	12 163 135

INVENTORIES

Opening balance	1 119 086	1 216 022
Stock received	4 985 637	
Stock issued	(3 271 670)	
Obselete stock		(89 050)
Shortages/surpluses	5 427	(7 886)
Closing balance of inventories:	2 838 480	1 119 086

Note: Amend the description if the items are carried at NRV / NRC instead of cost (and vice-versa)

VAT RECEIVABLE		
VAT provision	6 801 405	3 144 650
VAT receivable	2 530 894	7 741 892
	9 332 299	10 886 542

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

Note that there is a contingent liability arising from SARS VAT audit on prior years VAT claims amounting to approximately R3 Million.

Ulundi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2016

Note

2016
R

2015
R

MFMA & standards ref:

REFERENCE

NOTE TO USER: THESE NOTES
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PARTICULAR ATTENTION TO

Ulundi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 JUNE 2016

Note

2016
R

2015
R

MFMA & standards ref:

REFERENCE

NOTE TO USER: THESE NOTES
BE TAILORED TO SUIT THE
PARTICULAR ATTENTION TO

Note: Total of write-downs & reversals
should agree to total per St. of Fin. Perf.

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) DISCLOSURES HIGHLIGHTED IN BLUE - THESE ARE EXAMPLES
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: REVIEWED FOR ACCURACY AND NOT ONLY THE BLUE ITEMS.

id add any additional rows as required

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) DISCLOSURES HIGHLIGHTED IN BLUE - THESE ARE EXAMPLES

Ulundi Local Municipality
ANNUAL FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Other Assets R	Finance lease assets R	Total R
Carrying as at 01 July 2015	119 237 203	209 806 381	56 742 819	3 230 079	12 401 158	401 417 641
Cost/Revaluation	136 366 681	804 077 586	76 449 373	11 701 729	13 786 800	1 042 382 169
Accumulated depreciation and impairment losses	(17 129 478)	(594 271 205)	(19 706 554)	(8 471 650)	(1 385 642)	(640 964 528)
Movements for the period ended 30 JUNE 2016						
Acquisitions/Additions	1 628 367	1 361 650	289 075	5 988 653		9 267 745
Capital under Construction	2 849 005	18 774 542	14 044 901			35 668 448
Depreciation for the year	(2 742 898)	(29 464 943)	(2 168 907)	(1 333 529)	(4 595 600)	(40 305 877)
Disposals - cost						-
Disposals - accumulated depreciation						-
Transfers of assets						-
Cost/Revaluation						-
Accumulated depreciation and impairment losses						-
Carrying amount as at 30 JUNE 2016	120 971 677	200 477 630	68 907 888	7 885 203	7 805 558	406 047 957
Cost/Revaluation	140 844 053	824 213 778	90 783 349	17 690 382	13 786 800	1 087 318 362
Accumulated depreciation and impairment losses	(19 872 376)	(623 736 148)	(21 875 461)	(9 805 179)	(5 981 242)	(681 270 405)

Note: All figures

Ulundi Local Municipality
NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2015
Property, Plant and Equipment (continued)

Reconciliation of Carrying Value	Buildings R	Infrastructure R	Community R	Other Assets R	Finance lease assets R	Total R
Carrying as at 01 July 2014	118 775 293	306 149 819	45 297 078	2 388 566	14 783	472 636 040
Cost/Revaluation	136 230 532	778 283 003	59 598 370	10 859 432	295 590	985 277 428
Accumulated depreciation and impairment losses	(17 455 239)	(472 133 184)	(14 301 292)	(8 470 866)	(280 807)	(512 641 388)
Prior period error						
Accumulated depreciation and impairment losses	2 908 762	(76 930 943)	(3 281 547)	1 504 881		(75 798 846)
Restated carrying amounts as at 30 June 2015	121 684 055	229 218 876	42 015 531	3 893 447	14 783	396 826 693
Cost/Revaluation	136 230 532	778 283 003	59 598 370	10 859 432	295 590	985 266 927
Accumulated depreciation and impairment losses	(14 546 477)	(549 064 127)	(17 582 839)	(6 965 985)	(280 807)	(588 440 234)
Movements for the period ended 30 June 2015						
Acquisitions/Additions		17 034 276	2 519 560	842 297	13 786 800	34 182 933
Capital under Construction	136 149	8 760 307	14 331 443			23 227 899

Note: All figures

Depreciation for the year	(2 583 001)	(44 899 678)	(2 123 716)	(1 505 665)	(1 400 425)	(52 512 485)
Disposals - cost					(295 590)	(295 590)
Disposals - accumulated depreciation					295 590	295 590
Transfers of assets						-
Cost/Revaluation						
Accumulated depreciation and impairment losses		(307 400)				(307 400)
Carrying amount as at 30 June 2015	119 237 203	209 806 381	56 742 819	3 230 079	12 401 158	401 417 641
Cost/Revaluation	136 366 681	804 077 586	76 449 373	11 701 729	13 786 800	1 042 382 169
Accumulated depreciation and impairment losses	(17 129 478)	(594 271 205)	(19 706 554)	(8 471 650)	(1 385 642)	(640 964 528)

	2016	2015
Heritage asset		
Opening balance	10 501	10 501
Movements		
Closing balance	10 501	10 501

INVESTMENT PROPERTY CARRIED AT FAIR VALUE

	2016	2015
Carrying amount beginning of the year		
Transferred to PPE	63 257 000	63 597 000
Sales recognised during the year		
Lot D1715 incorrectly disclosed as investment property	-	(340 000)
Carrying amount end of the year	63 257 000	63 257 000

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

Intangible asset

	2016	2015
Opening balance	129 292	155 151
Cost	232 727	232 727
Accumulated amortisation	(103 435)	(77 576)
Write off - cost	-	-
Write off - accumulated amortisation	-	-
Amortisation	-25 859	-25 859
Closing balance	103 433	129 292
Fair Value	232 727	232 727
Accumulated amortisation	(129 294)	(103 435)



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Ulundi Local Municipality					MFMA & standards ref:
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016					
	Note	2016 R	2015 R		NOTE TO AND ST EAC
TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS					IAS 39
Trade creditors		63 782 621	57 721 202		
Workmans Compensation Fund		3 571 403	3 934 411		
Unpresented Cheques		19 688 976	14 227 943		
Payments received in advance		4 675 506	5 823 780		
Retentions		6 331 465	5 001 946		
Staff leave accrual		7 940 890	6 599 486		
Deposits other		160 830	490 363		
Land Sales Suspense		4 462 018	2 949 992		
Other creditors		104 713	-		
Total creditors		110 718 422	96 749 123		
The fair value of trade and other payables approximates their carrying amounts.					
PROVISIONS :Performance Bonus					GRAP 19
Opening		605 236	605 236		
Increase in provision		26 240	-		
Total Provisions		631 476	605 236		Note: Only include leave payables in provisions if there is uncertainty regarding their timing or
UNSPENT CONDITIONAL GRANTS AND RECEIPTS					
Unspent conditional grants from other spheres of government					
See note 21 for reconciliation of grants.					
		1 121 205	1 285 883		
LONG SERVICE LEAVE AWARDS					
		2016 R	2015 R		
Accrued liability on 30 June 2015		4 058 265	3 765 000		
Current service cost		338 705			
Interest cost		300 338			
Benefits paid		(170 446)			
Current portion of long service		(840 394)	(170 446)		
Actuarial loss/(Gain)		810 711	-		
Prior year adjustment			293 265		
Accrued liability on 30 JUNE 2016		4 497 179	3 887 819		
The bonuses paid for the financial year ended 30 June 2016 should report on the actual payment of bonuses made. The actual bonuses, obtainable from Ulundi, accrued over the 2015/2016 financial year should be substituted for and the difference netted off the actuarial (gain)/loss to retain the accrued net liability.					
REPAIRS AND MAINTAINANCE					
Buildings		1 018 243	689 481		
Equipment		736 823	2 697 234		
Fencing		78 000	98 000		Note: Remember to delete unused rows / columns
Network		5 247 960	2 749 779		
Roads Maintainance		1 596 293	831 639		
Streetlights		329 350	55 967		
Kiosk and Substations		550 638	639 690		
Airconditioners		38 155	164 684		
		9 595 462	7 926 474		
FINANCE LEASE LIABILITY					GRAP 13
	2016	Minimum lease payment R	Future finance charges R	Future finance charges R	
Amounts payable under finance leases					
Within one year		9 582 277	4 640 345	4 941 932	
Within two to five years		6 875 825	2 245 147	4 630 678	
		16 458 102	6 885 492	9 572 610	
Less: Amount due for settlement within 12 months (current portion)				9 572 610	
	2015	Minimum lease payment R	Future finance charges R	Future finance charges R	
Amounts payable under finance leases					
Within one year		9 582 277	6 194 401	3 387 876	
Within two to five years		16 458 102	6 885 491	9 572 611	
		26 040 379	13 079 892	12 960 487	
Less: Amount due for settlement within 12 months (current portion)				12 960 487	
ACCUMULATED SURPLUS					
		2016	2015		
(Deficit/Surplus for the year		410 644 811	353 982 439		
Other accumulated surplus		3 499 851	-27 691 351		
		407 144 660	381 673 790		
Reserves		10 690	10 690		IAS 39
Revaluation Reserves		10 690	10 690		

Ulundi Local Municipality				MFMA & standards ref:	
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016					
	Note	2016 R	2015 R		NOTE TO AND S EAC
PROPERTY RATES				GRAP 23 read with GAMAP 9, via GRAP 3	
Actual					
Residential		10 629 286	9 128 641		
Commercial		12 063 377	12 816 591		
Agriculture		2 356 772	2 248 721		
State		27 698 959	29 138 356		
		52 748 394	53 332 309		
Rates rebates		(3 672 125)	(2 716 996)		
Total property rates		49 076 268	50 615 313		
Property rates - penalties imposed and collection charges		9 004 277	5 244 357		
Total		58 080 545	55 859 670		
Valuations					
Residential		736 566 000	827 348 000		
Commercial		554 254 000	462 754 000		
State		1 043 642 000	1 010 215 000		
Agriculture		734 062 200	704 062 200		
Non-Rateable		144 342 000	144 695 000		
Total Property Valuations		3 212 866 200	3 149 074 200		
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2013. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.					
A rate per category (2015) is applied to property valuations to determine assessment rates. Rebates of R15 000,00 as per MPRA and R45 000,00 additional rebate as per council resolution are granted to residential property owners. Rates are levied on an annual basis on property owners. Interest at 18% per annum (2016) is levied on outstanding rates					
SERVICE CHARGES				GRA	
Sale of electricity		58 447 509	50 006 549		
Refuse removal		7 200 494	5 731 471		
Total Service Charges		65 648 003	55 738 020		
RENTAL OF FACILITIES AND EQUIPMENT				GRA	
Rental of facilities		971 013	798 189	GRA	
Rental of equipment					
Other rentals					
Total rentals		971 013	798 189		
INTEREST EARNED - EXTERNAL INVESTMENTS				GRA	
Investments (Call deposits)		1 161 430	748 383	IFRS	
Sundry		2 795 060	76 604		
Total interest		3 956 490	824 987		

Note: Input cells should agree to total

Ulundi Local Municipality				MFMA & standards ref:	
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016					
	Note	2016 R	2015 R		NOTE TO AND S EAC
GOVERNMENT GRANTS AND SUBSIDIES					
Equitable share		128 213 000	100 017 000	GRAP MFMA	with GAMAP 9, via GRAP 3) (a) & (c-e)
Conditional Grants utilised		53 889 476	56 945 549		
Total Government Grant and Subsidies		182 102 476	156 962 549		
Equitable Share					
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a 100% monthly subsidy for rates which is funded from the grant.		128 213 000	100 017 000		Note: The additional grant disclosure provided here is simply a breakdown of the detail to totals disclosed above. Input cells should agree to total above.
MIG Grant					
Balance unspent at beginning of year		-	885 399		
Current year receipts		33 957 000	44 000 000		
Conditions met - transferred to revenue		(33 957 000)	(44 885 399)		
Conditions still to be met - remain liabilities (see note 21)		-	-		
<i>Provide explanations of conditions still to be met and other relevant information</i>					

