



BOJANALA PLATINUM DISTRICT MUNICIPALITY  
Financial statements  
for the year ended 30 June 2016  
Auditor General of South Africa

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## General Information

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|  |                    |
|--|--------------------|
| <b>Country of incorporation and domicile</b> | South Africa       |
| <b>Mayoral committee</b>                     |                    |
| Executive Mayor                              | Cllr LJR Diremelo  |
|  | Cllr G Mtshali     |
| Councillors                                  | Cllr MA Molekwa    |
|  | Cllr A Tlhapi      |
|  | Cllr M Mmatlwa     |
|  | Cllr PT Marumola   |
|  | Cllr JJ Kgarimetsa |
|  | Cllr O Molefi      |
|  | Cllr DMN Ngadi     |
|  | Cllr G Segodi      |
|  | Cllr LW Rampete    |
|  | Cllr AM Dolo       |
|  | Cllr R Seremane    |
|  | Cllr K Kgaswe      |
|  | Cllr GJ Smit       |
|  | Cllr PE Hendricks  |
|  | Cllr RP Zwede      |
|  | Cllr DM Makhura    |
|  | Cllr P Maakane     |
|  | Cllr DM Makgamatho |
|  | Cllr S Mathatho    |
|  | Cllr K Moraka      |
|  | Cllr DBS Mbekwa    |
|  | Cllr MB Khoza      |
|  | Cllr MJ Madise     |
|  | Cllr MA Mogale     |
|  | Cllr PP Mngomezulu |
|  | Cllr H Ndlovu      |
|  | Cllr JM Radiokana  |
|  | Cllr MG Ramapotoka |
|  | Cllr LMJ Tshite    |
|  | Cllr ML Zitha      |
|  | Cllr AR Ramokoka   |
|  | Cllr ETM Modise    |
|  | Cllr PN More       |
|  | Cllr M Serero      |
|  | Cllr EJ Barlow     |
|  | Cllr FJ Motepe,    |
|  | Cllr J Sefudi      |
|  | Cllr CD Sekhoto    |
|  | Cllr EDF Lourens   |
|  | Cllr TS Bogale     |
|  | Cllr RD Lekoane    |
| <b>Accounting Officer</b>                    | I.K Sirovha        |
| <b>Chief Finance Officer (CFO)</b>           | M Jansen           |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## General Information

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**Business address**

Cnr. Beyers Naude and Fatima Bhayat Drive  
Rustenburg  
0300

**Postal address**

P.O.Box 1993  
Rustenburg  
0300

**Bankers**

ABSA Bank Limited

**Auditors**

Auditor General of South Africa

**Other 1**

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

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### Abbreviations

|      |  |
|------|--|
| GRAP | Generally Recognised Accounting Practice |
| MFMA | Municipal Finance Management Act         |

# **BOJANALA PLATINUM DISTRICT MUNICIPALITY**

Financial Statements for the year ended 30 June 2016

## **Accounting Officer's Responsibilities and Approval**

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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.

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

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

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

The Accounting Officer has reviewed the municipality's cash flow forecast for the year to 30 June 2016 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements were approved and signed by the Accounting Officer on 31 August 2016.

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**Khathutselo Innocent Sirovha (Mr)**  
**Municipal Manager**

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Officer's Report

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The Accounting Officer submits his report for the year ended 30 June 2016.

### 1. Review of activities

#### Main business and operations

### 2. Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the entity. The entity will continue to receive funding from government as evident from the equitable share allocation in terms of the Division of Revenue Act.

### 3. Subsequent events

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

### 4. Accounting Officer's interest in contracts

None have been identified.

### 5. Accounting policies

The financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board and in accordance with section 122(3) of the Municipal Finance Management Act, (Act No. 56 of 2003).

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

| Figures in Rand                        | Note(s) | 2016              | 2015              |
|--|---------|-------------------|-------------------|
| <b>Assets</b>                          |         |                   |                   |
| <b>Current Assets</b>                  |         |                   |                   |
| Receivables from exchange transactions | 3       | 1,368,805         | 358,369           |
| VAT receivable                         |         | 3,677,160         | 2,139,236         |
| Cash and cash equivalents              | 4       | 2,581,786         | 164,270           |
|  |         | <b>7,627,751</b>  | <b>2,661,875</b>  |
| <b>Non-Current Assets</b>              |         |                   |                   |
| Property, plant and equipment          | 2       | 47,485,942        | 49,019,168        |
| Intangible assets                      |         | -                 | 19,187            |
|  |         | <b>47,485,942</b> | <b>49,038,355</b> |
| Non-Current Assets                     |         | 47,485,942        | 49,038,355        |
| Current Assets                         |         | 7,627,751         | 2,661,875         |
| <b>Total Assets</b>                    |         | <b>55,113,693</b> | <b>51,700,230</b> |
| <b>Liabilities</b>                     |         |                   |                   |
| <b>Current Liabilities</b>             |         |                   |                   |
| Payables from exchange transactions    | 6       | 49,540,085        | 46,221,573        |
| Non-Current Liabilities                |         | -                 | -                 |
| Current Liabilities                    |         | 49,540,085        | 46,221,573        |
| <b>Total Liabilities</b>               |         | <b>49,540,085</b> | <b>46,221,573</b> |
| Assets                                 |         | 55,113,693        | 51,700,230        |
| Liabilities                            |         | (49,540,085)      | (46,221,573)      |
| <b>Net Assets</b>                      |         | <b>5,573,608</b>  | <b>5,478,657</b>  |
| <b>Reserves</b>                        |         |                   |                   |
| Revaluation reserve                    | 5       | 2,742,657         | 2,742,657         |
| Accumulated surplus                    |         | 2,830,952         | 2,736,000         |
| <b>Total Net Assets</b>                |         | <b>5,573,609</b>  | <b>5,478,657</b>  |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

### Revenue

#### Revenue from exchange transactions

|   |   |                  |                  |
|---|---|------------------|------------------|
| Other Income                                    | 8 | 1,942,977        | 683,143          |
| Interest received - investment                  | 9 | 2,637,041        | 1,361,046        |
| <b>Total revenue from exchange transactions</b> |   | <b>4,580,018</b> | <b>2,044,189</b> |

#### Revenue from non-exchange transactions

|                               |    |             |             |
|-------------------------------|----|-------------|-------------|
| Government grants & subsidies | 11 | 306,593,383 | 269,208,995 |
|-------------------------------|----|-------------|-------------|

### Expenditure

|                               |    |                      |                      |
|-------------------------------|----|----------------------|----------------------|
| Employee related costs        | 12 | (146,373,527)        | (135,039,892)        |
| Remuneration of councillors   | 13 | (13,720,823)         | (14,141,705)         |
| Depreciation and amortisation | 2  | (4,336,695)          | (4,498,657)          |
| Impairment Loss               | 14 | (72,297)             | (1,950,644)          |
| Repairs and Maintenance       |    | (1,809,900)          | (1,769,542)          |
| Lease Rental                  | 15 | (10,921,707)         | (8,412,625)          |
| Grants and Subsidies Paid     | 10 | (81,867,665)         | (89,938,893)         |
| General Expenses              | 16 | (48,013,119)         | (40,857,172)         |
| <b>Total expenditure</b>      |    | <b>(307,115,733)</b> | <b>(296,609,130)</b> |

|                                       |  |                  |                     |
|---------------------------------------|--|------------------|---------------------|
| Total revenue                         |  | 311,173,401      | 271,253,184         |
| Total expenditure                     |  | (307,115,733)    | (296,609,130)       |
| <b>Operating surplus (deficit)</b>    |  | <b>4,057,668</b> | <b>(25,355,946)</b> |
| Gain or Loss on disposal of Assets    |  | 1,079,408        | (51,890)            |
| Surplus (deficit) before taxation     |  | 5,137,076        | (25,407,836)        |
| Taxation                              |  | -                | -                   |
| <b>Surplus (deficit) for the year</b> |  | <b>5,137,076</b> | <b>(25,407,836)</b> |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

| Figures in Rand                                       | Revaluation<br>reserve | Accumulated<br>surplus | Total net<br>assets |
|---|------------------------|------------------------|---------------------|
| <b>Balance at 01 July 2014</b>                        | <b>742,657</b>         | <b>23,030,771</b>      | <b>23,773,428</b>   |
| Changes in net assets                                 |                        |                        |                     |
| Correction of Error                                   | -                      | 5,113,064              | 5,113,064           |
| Net income (losses) recognised directly in net assets | -                      | 5,113,064              | 5,113,064           |
| Surplus for the year                                  | -                      | (25,407,835)           | (25,407,835)        |
| Total recognised income and expenses for the year     | -                      | (20,294,771)           | (20,294,771)        |
| Revaluation Surplus                                   | 2,000,000              | -                      | 2,000,000           |
| Total changes   | 2,000,000              | (20,294,771)           | (18,294,771)        |
| <b>Balance at 01 July 2015</b>                        | <b>2,742,657</b>       | <b>(1,941,103)</b>     | <b>801,554</b>      |
| Changes in net assets                                 |                        |                        |                     |
| Other Movement - Directly into Accumulated Surplus    | -                      | (365,021)              | (365,021)           |
| Net income (losses) recognised directly in net assets | -                      | (365,021)              | (365,021)           |
| Surplus for the year                                  | -                      | 5,137,076              | 5,137,076           |
| Total recognised income and expenses for the year     | -                      | 4,772,055              | 4,772,055           |
| Total changes   | -                      | 4,772,055              | 4,772,055           |
| <b>Balance at 30 June 2016</b>                        | <b>2,742,657</b>       | <b>2,830,952</b>       | <b>5,573,609</b>    |
| Note(s)   | 5                      |                        |                     |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

| Figures in Rand   | Note(s) | 2016                       | 2015                      |
|---|---------|----------------------------|---------------------------|
| <b>Cash flows from operating activities</b>                 |         |                            |                           |
| <b>Receipts</b>   |         |                            |                           |
| Grants  |         | 306,593,383                | 269,205,995               |
| Interest income   |         | 2,637,041                  | 1,361,046                 |
|   |         | <u>309,230,424</u>         | <u>270,567,041</u>        |
| <b>Payments</b>   |         |                            |                           |
| Employee costs  |         | (154,872,270)              | (142,736,443)             |
| Suppliers   |         | (136,221,882)              | (122,654,958)             |
|   |         | <u>(291,094,152)</u>       | <u>(265,391,401)</u>      |
| Total receipts  |         | 309,230,424                | 270,567,041               |
| Total payments  |         | (291,094,152)              | (265,391,401)             |
| <b>Net cash flows from operating activities</b>             | 17      | <b><u>18,136,272</u></b>   | <b><u>5,175,640</u></b>   |
| <b>Cash flows from investing activities</b>                 |         |                            |                           |
| Purchase of property, plant and equipment                   | 2       | (16,652,630)               | (9,175,979)               |
| Sale of Property, plant and equipment                       | 2       | 933,874                    | 209,398                   |
| <b>Net cash flows from investing activities</b>             |         | <b><u>(15,718,756)</u></b> | <b><u>(8,966,581)</u></b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>2,417,516</b>           | <b>(3,790,941)</b>        |
| Cash and cash equivalents at the beginning of the year      |         | 164,270                    | 3,955,211                 |
| <b>Cash and cash equivalents at the end of the year</b>     | 4       | <b><u>2,581,786</u></b>    | <b><u>164,270</u></b>     |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

|   | Approved budget    | Adjustments    | Final Budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference  |
|---|--------------------|----------------|----------------------|------------------------------------|--|--|
| Figures in Rand                                 |                    |                |                      |                                    |  |  |
| <b>Statement of Financial Performance</b>       |                    |                |                      |                                    |  |  |
| <b>Revenue</b>                                  |                    |                |                      |                                    |  |  |
| <b>Revenue from exchange transactions</b>       |                    |                |                      |                                    |  |  |
| Other income 1                                  | 150,000            | -              | <b>150,000</b>       | 1,942,977                          | <b>1,792,977</b>                           | Due to insurance claims and tender documents                   |
| Interest received - investment                  | 1,000,000          | -              | <b>1,000,000</b>     | 2,637,041                          | <b>1,637,041</b>                           | Interest on additional funds not projected for.                |
| <b>Total revenue from exchange transactions</b> | <b>1,150,000</b>   | <b>-</b>       | <b>1,150,000</b>     | <b>4,580,018</b>                   | <b>3,430,018</b>                           |  |
| <b>Revenue from non-exchange transactions</b>   |                    |                |                      |                                    |  |  |
| <b>Transfer revenue</b>                         |                    |                |                      |                                    |  |  |
| Government grants & subsidies                   | 298,978,000        | 965,000        | <b>299,943,000</b>   | 306,593,383                        | <b>6,650,383</b>                           | Due to allocation from province not received.                  |
| 'Total revenue from exchange transactions'      | 1,150,000          | -              | <b>1,150,000</b>     | 4,580,018                          | <b>3,430,018</b>                           |  |
| 'Total revenue from non-exchange transactions'  | 298,978,000        | 965,000        | <b>299,943,000</b>   | 306,593,383                        | <b>6,650,383</b>                           |  |
| <b>Total revenue</b>                            | <b>300,128,000</b> | <b>965,000</b> | <b>301,093,000</b>   | <b>311,173,401</b>                 | <b>10,080,401</b>                          |  |
| <b>Expenditure</b>                              |                    |                |                      |                                    |  |  |
| Personnel                                       | (131,057,000)      | (12,535,012)   | <b>(143,592,012)</b> | (146,373,527)                      | <b>(2,781,515)</b>                         | Due to rank progression implemented after final budget         |
| Remuneration of councillors                     | (15,800,000)       | (462,148)      | <b>(16,262,148)</b>  | (13,720,823)                       | <b>2,541,325</b>                           |  |
| Depreciation and amortisation                   | (5,000,000)        | 5,000,000      | -                    | (4,336,695)                        | <b>(4,336,695)</b>                         | Due to depreciation performed on a daily basis from per month. |
| Impairment loss                                 | -                  | -              | -                    | (72,297)                           | <b>(72,297)</b>                            |  |
| Contracted Services                             | (10,921,707)       | -              | <b>(10,921,707)</b>  | (10,921,707)                       | -  | Due to unfunded mandates relating to Agricultural support.     |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved budget      | Adjustments         | Final Budget         | Actual amounts on comparable basis | Difference between final budget and actual | Reference   |
|--|----------------------|---------------------|----------------------|------------------------------------|--|---|
| Figures in Rand  |                      |                     |                      |                                    |  |   |
| Grants and Subsidies paid  | (54,463,000)         | (25,166,309)        | <b>(79,629,309)</b>  | (81,867,665)                       | <b>(2,238,356)</b>                         | Due to water projects at locals not budgeted for. |
| General Expenses   | (39,590,054)         | (8,282,500)         | <b>(47,872,554)</b>  | (49,823,019)                       | <b>(1,950,465)</b>                         | Due petrol increase and aging of vehicles.        |
| <b>Total expenditure</b>   | <b>(256,831,761)</b> | <b>(41,445,969)</b> | <b>(298,277,730)</b> | <b>(307,115,733)</b>               | <b>(8,838,003)</b>                         |   |
|  | 300,128,000          | 965,000             | <b>301,093,000</b>   | 311,173,401                        | <b>10,080,401</b>                          |   |
|  | (256,831,761)        | (41,445,969)        | <b>(298,277,730)</b> | (307,115,733)                      | <b>(8,838,003)</b>                         |   |
| <b>Operating surplus</b>   | <b>43,296,239</b>    | <b>(40,480,969)</b> | <b>2,815,270</b>     | <b>4,057,668</b>                   | <b>1,242,398</b>                           |   |
| Gain on non-current assets held for sale or disposal groups  | -                    | -                   | -                    | 1,079,408                          | <b>1,079,408</b>                           | It was not anticipated                            |
|  | 43,296,239           | (40,480,969)        | <b>2,815,270</b>     | 4,057,668                          | <b>1,242,398</b>                           |   |
|  | -                    | -                   | -                    | 1,079,408                          | <b>1,079,408</b>                           |   |
| <b>Surplus before taxation</b>   | <b>43,296,239</b>    | <b>(40,480,969)</b> | <b>2,815,270</b>     | <b>5,137,076</b>                   | <b>2,321,806</b>                           |   |
| Deficit before taxation  | 43,296,239           | (40,480,969)        | <b>2,815,270</b>     | 5,137,076                          | <b>2,321,806</b>                           |   |
| Taxation   | -                    | -                   | -                    | -                                  | -  |   |
| <b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b> | <b>43,296,239</b>    | <b>(40,480,969)</b> | <b>2,815,270</b>     | <b>5,137,076</b>                   | <b>2,321,806</b>                           |   |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

|  | Approved budget     | Adjustments        | Final Budget        | Actual amounts on comparable basis | Difference between final budget and actual | Reference  |
|--|---------------------|--------------------|---------------------|------------------------------------|--|--|
| Figures in Rand  |                     |                    |                     |                                    |  |  |
| <b>Statement of Financial Position</b>                         |                     |                    |                     |                                    |  |  |
| <b>Assets</b>  |                     |                    |                     |                                    |  |  |
| <b>Current Assets</b>  |                     |                    |                     |                                    |  |  |
| Receivables from exchange transactions                         | -                   | -                  | -                   | 1,368,805                          | <b>1,368,805</b>                           |  |
| VAT receivable   | -                   | -                  | -                   | 3,677,160                          | <b>3,677,160</b>                           |  |
| Cash and cash equivalents                                      | -                   | -                  | -                   | 2,581,786                          | <b>2,581,786</b>                           |  |
|  | -                   | -                  | -                   | <b>7,627,751</b>                   | <b>7,627,751</b>                           |  |
| <b>Non-Current Assets</b>                                      |                     |                    |                     |                                    |  |  |
| Property, plant and equipment                                  | 2,855,270           | -                  | <b>2,855,270</b>    | 47,485,943                         | <b>44,630,673</b>                          | The budgeted amount is only for additions in the current year and the variance with additions is due to recognition of Work in progress. |
| Non-Current Assets   | -                   | -                  | -                   | 7,627,751                          | <b>7,627,751</b>                           |  |
| Current Assets   | 2,855,270           | -                  | <b>2,855,270</b>    | 47,485,943                         | <b>44,630,673</b>                          |  |
| <b>Total Assets</b>  | <b>2,855,270</b>    | -                  | <b>2,855,270</b>    | <b>55,113,694</b>                  | <b>52,258,424</b>                          |  |
| <b>Liabilities</b>   |                     |                    |                     |                                    |  |  |
| <b>Current Liabilities</b>                                     |                     |                    |                     |                                    |  |  |
| Payables from exchange transactions                            | (25,032,000)        | 4,968,000          | <b>(20,064,000)</b> | 49,540,084                         | <b>69,604,084</b>                          |  |
|  | (25,032,000)        | 4,968,000          | <b>(20,064,000)</b> | 49,540,084                         | <b>69,604,084</b>                          |  |
|  | -                   | -                  | -                   | -                                  | -  |  |
|  | -                   | -                  | -                   | -                                  | -  |  |
| <b>Total Liabilities</b>                                       | <b>(25,032,000)</b> | <b>4,968,000</b>   | <b>(20,064,000)</b> | <b>49,540,084</b>                  | <b>69,604,084</b>                          |  |
| Assets   | 2,855,270           | -                  | <b>2,855,270</b>    | 55,113,694                         | <b>52,258,424</b>                          |  |
| Liabilities  | 25,032,000          | (4,968,000)        | <b>20,064,000</b>   | (49,540,084)                       | <b>(69,604,084)</b>                        |  |
| <b>Net Assets</b>  | <b>27,887,270</b>   | <b>(4,968,000)</b> | <b>22,919,270</b>   | <b>5,573,610</b>                   | <b>(17,345,660)</b>                        |  |
| <b>Net Assets</b>  |                     |                    |                     |                                    |  |  |
| <b>Net Assets Attributable to Owners of Controlling Entity</b> |                     |                    |                     |                                    |  |  |
| <b>Reserves</b>  |                     |                    |                     |                                    |  |  |
| Revaluation reserve  | -                   | -                  | -                   | 2,742,657                          | <b>2,742,657</b>                           |  |
| Accumulated surplus  | 27,887,270          | (4,968,000)        | <b>22,919,270</b>   | 2,830,953                          | <b>(20,088,317)</b>                        |  |
| <b>Total Net Assets</b>  | <b>27,887,270</b>   | <b>(4,968,000)</b> | <b>22,919,270</b>   | <b>5,573,610</b>                   | <b>(17,345,660)</b>                        |  |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Companies Act, 71 of 2008.

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either 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 financial statements, are disclosed below.

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statement

GRAP 3: Accounting policies, changes in accounting estimates and errors

GRAP 4: The effects of changes in foreign exchange transactions

GRAP 5: Borrowing costs

GRAP 6: Consolidated and separate financial statements

GRAP 7: Investments in Associates

GRAP 8: Interest in joint ventures

GRAP 9: Revenue from Exchange transactions

GRAP 10: Financial reporting in hyperinflationary economies

GRAP 11: Construction Contracts

GRAP 12: Inventories

GRAP 13: Leases

GRAP 14: Events after reporting date

GRAP 16: Investments property

GRAP 17: Property, plant and equipment

GRAP 18: Segment reporting

GRAP 19: Provisions, contingent liabilities and contingent assets

GRAP 21: Impairment of non-cash generating assets

GRAP 23: Revenue from non-exchange transactions (taxes and transfers)

GRAP 24: Presentation of budget information

GRAP 25: Employee related cost

GRAP 26: Impairment of cash generating assets

GRAP 100: Non-current assets held for sale and discontinued operations

GRAP 101: Agriculture

GRAP 102: Intangible assets

GRAP 103: Heritage assets

GRAP 104: Financial instruments

GRAP 105: Transfers of functions between entities under common control

GRAP 106: Transfers of functions between entities not under common control

GRAP 107: Mergers

IGRAP 11: Consolidation special purpose entities

IGRAP 12: Jointly controlled entities - non monetary contributions by ventures

#### 1.1 Presentation currency

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.2 Going concern assumption

### 1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant judgements include:

#### Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its Receivables from exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus 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 Receivables from exchange transactions 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.

#### Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The entity uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

The carrying amount of available-for-sale financial assets would be an estimated R - lower or R - higher were the discounted rate used in the discount cash flow analysis to differ by 10% from management's estimates.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. 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 goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

#### 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. Provisions are measured using managements best estimates of the expenditure required to settle the obligation at the reporting date and are discounted to the present value where the effects are material. Reliance was based on expert knowledge.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Useful lives of waste and water network and other assets

The entity's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

#### Allowance for doubtful debts

On debtors 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 debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

#### Cash and cash equivalent

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

### 1.4 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.

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 entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land and buildings which is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed every 5 years by registered valuers for every class separately.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment (land) is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

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.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual value.

Property, plant and equipment is not depreciated as it has an indefinite useful life.

Property, plant and equipment part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

Subsequent to initial recognition, property, plant and equipment on the cost model, is carried at cost less accumulated depreciation and any accumulated impairment losses. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

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

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| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings              | Straight line       | 7-15 years          |
| Plant and Machinery    | Straight line       | 5-15 years          |
| Furniture and fixtures | Straight line       | 3-30 years          |
| Motor vehicles         | Straight line       | 3-30 years          |
| Office equipment       | Straight line       | 4-30 years          |
| Leased Equipment       | Straight line       | 3-8 years           |
| Emergency equipment    | Straight line       | 2-15 years          |

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.

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 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.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.4 Property, plant and equipment (continued)

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

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.5 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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.

Internally generated goodwill is not recognised as an intangible asset.

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.5 Intangible assets (continued)

| Item                     | Useful life |
|--------------------------|-------------|
| Licenses and franchises  | x years     |
| Computer software, other | x years     |

Intangible assets are derecognised:

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

### 1.6 Interest in joint ventures

### 1.7 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 amortised cost of a financial asset or financial liability 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 (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by a entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) 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. When calculating the effective interest rate, entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

- cash;
- a residual interest of another entity; or

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unutilised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of the entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
  - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
  - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

#### Initial recognition

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

The entity recognises financial assets using trade date accounting.

#### Initial measurement of financial assets and financial liabilities

The entity 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 entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity 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.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

#### Subsequent measurement of financial assets and financial liabilities

The entity 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.

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 entity 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 entity 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, an entity 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.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

#### Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

#### 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 entity 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.

Financial assets measured at amortised cost:

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.7 Financial instruments (continued)

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 directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

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 directly OR 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.

#### 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.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit [where applicable]. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit [where applicable].

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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

### 1.8 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### 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.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.9 Leases (continued)

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

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.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

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

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

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

#### 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 Impairment of cash-generating assets

Cash-generating assets are those assets held by the entity 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 (amortisation).

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

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

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

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

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

Recoverable 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 entity; or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.10 Impairment of cash-generating assets (continued)

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

### 1.11 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

### 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 entity 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.

### 1.12 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.13 Employee benefits

### 1.14 Provisions and contingencies

Provisions are recognised when:

- the entity 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

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

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

Provisions are not recognised for future operating deficits.

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

A constructive obligation to restructure arises only when an entity:

- 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 entity

No obligation arises as a consequence of the sale or transfer of an operation until the entity 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 20.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.14 Provisions and contingencies (continued)

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

The entity recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

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

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

### 1.15 Commitments

Items are classified as commitments when municipality has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

### 1.16 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.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

#### Measurement

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

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.16 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

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

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

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

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the entity's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.17 Revenue from non-exchange transactions

### 1.18 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.19 Borrowing costs

### 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.

### 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.

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

### 1.22 Irregular expenditure

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

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### 1.22 Irregular expenditure (continued)

Irregular 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 irregular expenditure register. If liability for the irregular 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 irregular expenditure register must also be updated accordingly. If the irregular 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 irregular expenditure register.

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), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.23 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.

### 1.24 Budget information

Entity 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 entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by programmes linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/07/2014 to 30/06/2015.

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

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

### 1.25 Related parties

The entity 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 local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity 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 entity.

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

### 1.26 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Accounting Policies

### 1.26 Events after reporting date (continued)

- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.27 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance

## Notes to the Financial Statements

Figures in Rand

2016

2015

### 2. Property, plant and equipment

|                        | 2016              |   |                   | 2015              |   |                   |
|------------------------|-------------------|---|-------------------|-------------------|---|-------------------|
|                        | Cost / Valuation  | Accumulated depreciation and accumulated impairment | Carrying value    | Cost / Valuation  | Accumulated depreciation and accumulated impairment | Carrying value    |
| Land                   | 13,160,400        | -   | 13,160,400        | 13,160,400        | -   | 13,160,400        |
| Buildings              | 4,063,232         | (2,902,849)   | 1,160,383         | 4,369,965         | (2,902,307)   | 1,467,658         |
| Plant and machinery    | 1,486,750         | (852,650)   | 634,100           | 1,774,982         | (867,796)   | 907,186           |
| Furniture and fixtures | 6,020,120         | (3,273,474)   | 2,746,646         | 6,811,874         | (3,496,635)   | 3,315,239         |
| Motor vehicles         | 20,071,589        | (8,092,142)   | 11,979,447        | 23,883,605        | (12,781,169)  | 11,102,436        |
| Office equipment       | 12,393,817        | (7,129,842)   | 5,263,975         | 13,350,189        | (7,548,586)   | 5,801,603         |
| Work In Progress       | 11,929,541        | -   | 11,929,541        | 12,924,868        | -   | 12,924,868        |
| Emergency Equipment    | 1,256,740         | (645,290)   | 611,450           | 1,158,286         | (818,508)   | 339,778           |
| <b>Total</b>           | <b>70,382,189</b> | <b>(22,896,247)</b>                                 | <b>47,485,942</b> | <b>77,434,169</b> | <b>(28,415,001)</b>                                 | <b>49,019,168</b> |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

### 2. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2016

|                        | Opening balance   | Additions         | Disposals        | Transfers           | Depreciation       | Total             |
|------------------------|-------------------|-------------------|------------------|---------------------|--------------------|-------------------|
| Land                   | 13,160,400        | -                 | -                | -                   | -                  | 13,160,400        |
| Buildings              | 1,467,658         | -                 | -                | -                   | (307,275)          | 1,160,383         |
| Plant and machinery    | 907,186           | -                 | -                | -                   | (273,086)          | 634,100           |
| Furniture and fixtures | 3,315,239         | 109,216           | (53,281)         | -                   | (624,528)          | 2,746,646         |
| Motor vehicles         | 11,102,436        | 3,527,088         | (816,057)        | -                   | (1,834,020)        | 11,979,447        |
| Office equipment       | 5,801,603         | 806,268           | (55,716)         | -                   | (1,288,179)        | 5,263,976         |
| Work In Progress       | 12,924,868        | 11,929,541        | -                | (12,924,868)        | -                  | 11,929,541        |
| Emergency Equipment    | 339,778           | 280,517           | (8,820)          | -                   | (9,607)            | 611,450           |
|                        | <b>49,019,168</b> | <b>16,652,630</b> | <b>(933,874)</b> | <b>(12,924,868)</b> | <b>(4,336,695)</b> | <b>47,485,943</b> |

#### Reconciliation of property, plant and equipment - 2015

|                        | Opening balance   | Additions        | Disposals        | Transfers received  | Revaluations     | Depreciation       | Impairment loss    | Total             |
|------------------------|-------------------|------------------|------------------|---------------------|------------------|--------------------|--------------------|-------------------|
| Land                   | 11,160,400        | -                | -                | -                   | 2,000,000        | -                  | -                  | 13,160,400        |
| Buildings              | 3,725,036         | -                | -                | -                   | -                | (306,734)          | (1,950,644)        | 1,467,658         |
| Plant and machinery    | 1,195,418         | -                | -                | -                   | -                | (288,232)          | -                  | 907,186           |
| Furniture and fixtures | 3,778,715         | 245,214          | -                | -                   | -                | (708,690)          | -                  | 3,315,239         |
| Motor vehicles         | 12,712,983        | -                | -                | -                   | -                | (1,610,547)        | -                  | 11,102,436        |
| Office equipment       | 6,820,697         | 765,177          | (209,398)        | -                   | -                | (1,574,873)        | -                  | 5,801,603         |
| Work In Progress       | 34,192,918        | 8,160,763        | -                | (29,428,813)        | -                | -                  | -                  | 12,924,868        |
| Emergency Equipment    | 173,467           | 4,825            | -                | -                   | -                | (9,581)            | -                  | 339,778           |
|                        | <b>73,759,634</b> | <b>9,175,979</b> | <b>(209,398)</b> | <b>(29,428,813)</b> | <b>2,000,000</b> | <b>(4,498,657)</b> | <b>(1,950,644)</b> | <b>49,019,168</b> |

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 entity.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

|  | 2016 | 2015 |
|--|------|------|
|--|------|------|

### 3. Receivables from exchange transactions

|                       |                  |                |
|-----------------------|------------------|----------------|
| Staff Debtors         | -                | 12,556         |
| Unidentified Deposits | -                | 345,813        |
| Sundry Debtors        | 1,368,805        | -              |
|                       | <b>1,368,805</b> | <b>358,369</b> |

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

|                     |                  |                |
|---------------------|------------------|----------------|
| Bank balances       | 2,581,785        | 163,109        |
| Short-term deposits | -                | 1,160          |
|                     | <b>2,581,785</b> | <b>164,269</b> |

Call investment deposits are investments with a maturity period of less than 3 months and earn interest rates varying from day to day.

Management of the municipality is of the opinion that the carrying value of the bank balance and cash recorded at amortised cost in the financial statements approximate their fair values.

The fair value of bank balance and cash were determined after considering the standard terms and conditions of agreements entered into between the municipality and the financial institutions. The municipality had the following bank accounts:

### 5. Revaluation reserve

|                        |                  |                  |
|------------------------|------------------|------------------|
| Opening balance        | 2,742,657        | 742,657          |
| Change during the year | -                | 2,000,000        |
|                        | <b>2,742,657</b> | <b>2,742,657</b> |

DDP Valuers. This valuation has been prepared in accordance with the International Valuation Standards Committee requirements and as adopted by the South African Council for the Property Valuers Profession and the South African Institute of Valuers.

### 6. Payables from exchange transactions

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Trade payables            | 26,530,092        | 21,654,753        |
| Other creditors           | -                 | 492,363           |
| Retention                 | 3,061,260         | 7,075,243         |
| Provision for Leave       | 16,577,248        | 13,703,602        |
| Other payables            | -                 | 410,495           |
| Provision for 13th Cheque | 3,371,485         | 2,885,117         |
|                           | <b>49,540,085</b> | <b>46,221,573</b> |

### 7. Revenue

|                                |                    |                    |
|--------------------------------|--------------------|--------------------|
| Other income                   | 1,942,977          | 683,143            |
| Interest received - investment | 2,637,041          | 1,361,046          |
| Government grants & subsidies  | 306,593,383        | 269,208,995        |
|                                | <b>311,173,401</b> | <b>271,253,184</b> |

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

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Other income                   | 1,942,977        | 683,143          |
| Interest received - investment | 2,637,041        | 1,361,046        |
|                                | <b>4,580,018</b> | <b>2,044,189</b> |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand              | 2016      | 2015      |
|------------------------------|-----------|-----------|
| <b>8. Other revenue</b>      |           |           |
| Other income                 | 1,942,977 | 683,143   |
| <b>9. Investment revenue</b> |           |           |
| <b>Interest revenue</b>      |           |           |
| Interest                     | 2,637,041 | 1,361,046 |

The amount included in Investment revenue arising from exchange transactions amounted to R 140,000,000.00 invested with various financial institution arising from government grants and other interest received is received from the main account of the municipality-.

### 10. Grants and subsidies paid

#### Other subsidies

|   |                   |                   |
|---|-------------------|-------------------|
| Expenditure on regional projects and facilities | 66,300,008        | 73,761,876        |
| Imbizo  | 5,056,861         | 4,820,110         |
| Borole Ext 4 Sewerage                           | 3,677,301         | 3,270,634         |
| Agricultural Support                            | 2,654,215         | 2,268,444         |
| Internship Training                             | 891,049           | 867,547           |
| Councillor's Training                           | 1,887,425         | 2,173,182         |
| Bursary Scheme                                  | 1,400,805         | 2,777,100         |
|   | <b>81,867,664</b> | <b>89,938,893</b> |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand   | 2016               | 2015               |
|---|--------------------|--------------------|
| <b>11. Government grants and subsidies</b>  |                    |                    |
| <b>Operating grants</b>   |                    |                    |
| Equitable Share   | 294,712,000        | 264,754,536        |
| Rural Assets Management Grant   | 2,010,000          | 2,322,489          |
| Expanded Public Works Programme   | 1,041,000          | 1,191,000          |
| Municipal System Improvement Grant  | 930,000            | 934,001            |
| Financial Management Grant  | 1,256,000          | -                  |
| Other Grants  | 6,644,383          | 6,969              |
|   | <b>306,593,383</b> | <b>269,208,995</b> |
| <b>Fire Services Grants</b>   |                    |                    |
| Included in above (Other grants) are the following grants and subsidies received for fire services: |                    |                    |
| Conditional grants received   | 6,425,000          | -                  |
| Conditions met - transferred to revenue   | (6,425,000)        | -                  |
|   | -                  | -                  |
| <b>Municipal System Improvement Grant</b>   |                    |                    |
| Current-year receipts   | 930,000            | 934,000            |
| Conditions met - transferred to revenue   | (930,000)          | (934,000)          |
|   | -                  | -                  |
| <b>Expandable Public Works Programme Grant</b>  |                    |                    |
| Current-year receipts   | 1,041,000          | 1,191,000          |
| Conditions met - transferred to revenue   | (1,041,000)        | (1,191,000)        |
|   | -                  | -                  |
| <b>Financial Management Grant</b>   |                    |                    |
| Current-year receipts   | 1,256,000          | 1,250,000          |
| Conditions met - transferred to revenue   | (1,256,000)        | (1,250,000)        |
|   | -                  | -                  |
| <b>Rural Asset Management Grant</b>   |                    |                    |
| Current-year receipts   | 2,010,000          | 3,521,489          |
| Conditions met - transferred to revenue   | (2,010,000)        | (2,322,489)        |
| Payable   | -                  | (1,199,000)        |
|   | -                  | -                  |

The above amount stated as payable is as a result of municipal reporting in which the municipality at at time could not substantiate fully what the expenses relating to rural asset management grant. The amount is disclosed under payable in the face of the financial statements.

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                             | 2016               | 2015               |
|---|--------------------|--------------------|
| <b>12. Employee related costs</b>           |                    |                    |
| Basic                                       | 94,754,184         | 81,591,422         |
| Medical aid - company contributions         | 9,503,524          | 8,940,809          |
| UIF   | 586,022            | 548,574            |
| SDL   | 1,536,821          | 1,184,588          |
| Overtime payments                           | 1,242,800          | 4,970,084          |
| Acting allowances                           | 18,247             | 45,552             |
| Car allowance                               | 12,532,476         | 11,513,755         |
| Housing benefits and allowances             | 4,410,595          | 3,893,565          |
| Holiday Bonus                               | 6,183,132          | 8,079,283          |
| Contributions                               | 28,834             | 84,263             |
| Performance Bonus and Provision Staff Leave | (4,577,143)        | (1,227,173)        |
| Other Allowances                            | 6,052,635          | 2,514,507          |
| Contribution to Pension and Provident Fund  | 13,237,756         | 12,156,332         |
| Cellphone Allowance                         | 863,643            | 744,331            |
|   | <b>146,373,526</b> | <b>135,039,892</b> |
| .   | -                  | -                  |
| <b>13. Remuneration of councillors</b>      |                    |                    |
| Executive Major                             | 860,926            | 871,841            |
| Speaker                                     | 738,804            | 689,524            |
| Councillors                                 | 12,121,093         | 12,580,340         |
|   | <b>13,720,823</b>  | <b>14,141,705</b>  |
| <b>14. Impairment Loss</b>                  |                    |                    |
| Property, Plant & Equipment                 | -                  | 1,950,644          |
| Debtors impairment                          | 72,297             | -                  |
|   | <b>72,297</b>      | <b>1,950,644</b>   |
| <b>15. Lease Rental</b>                     |                    |                    |
| Rental of Office Building                   | 4,609,680          | 4,917,368          |
| Rental of Office Machine                    | 6,312,027          | 3,495,257          |
|   | <b>10,921,707</b>  | <b>8,412,625</b>   |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                   | 2016              | 2015              |
|-----------------------------------|-------------------|-------------------|
| <b>16. General expenses</b>       |                   |                   |
| Audit fees                        | 3,103,184         | 2,596,856         |
| Advertising                       | 382,067           | 985,343           |
| Bank charges                      | 101,105           | 330,904           |
| Computer expenses                 | 4,452,640         | 4,282,410         |
| Entertainment                     | 2,163,923         | 1,672,341         |
| Insurance                         | 772,599           | 740,503           |
| IT expenses                       | 993,562           | 652,182           |
| Bulk Purchases                    | 647,910           | 51,910            |
| Fuel and oil                      | 1,946,977         | 2,732,400         |
| Printing and stationery           | 1,816,559         | 1,017,664         |
| Protective clothing               | 158,277           | 487,202           |
| Audit Committee fees              | 720,716           | 254,442           |
| Protection Services               | 5,484,672         | 5,635,370         |
| Subscriptions and membership fees | 1,823,286         | 1,341,775         |
| Telephone and fax                 | 5,791,394         | 3,267,392         |
| Travel - local                    | 6,229,734         | 4,486,242         |
| Utilities - Water & Electricity   | 1,134,094         | 1,252,915         |
| Uniforms                          | 345,520           | 322,876           |
| Tourism development               | 306,276           | 428,086           |
| Educational Awareness             | 545,162           | 174,166           |
| Accommodation                     | 276,347           | 190,960           |
| Consulting and Professional Fees  | 5,187,677         | 4,510,866         |
| Other expenses                    | 3,629,439         | 3,442,366         |
|                                   | <b>48,013,120</b> | <b>40,857,171</b> |

## 17. Cash generated from operations

|  |                   |                  |
|--|-------------------|------------------|
| Surplus (deficit)                          | 5,137,076         | (25,407,835)     |
| <b>Adjustments for:</b>                    |                   |                  |
| Depreciation and amortisation              | 4,336,695         | 4,498,657        |
| (Loss) gain on property, plant & equipment | (1,079,408)       | 51,890           |
| Impairment Loss                            | 72,297            | 1,950,644        |
| Movements in provisions                    | -                 | (1,896,844)      |
| Other non-cash items                       | 8,971,758         | 27,199,797       |
| <b>Changes in working capital:</b>         |                   |                  |
| Receivables from exchange transactions     | (1,010,436)       | 229,563          |
| Staff debtors                              | (72,297)          | -                |
| Payables from exchange transactions        | 3,318,511         | (2,036,815)      |
| VAT  | (1,537,924)       | 586,583          |
|  | <b>18,136,272</b> | <b>5,175,640</b> |

## 18. Financial instruments disclosure

### Categories of financial instruments

#### 2016

#### 2015

#### Financial assets

|  | At fair value  | Total          |
|--|----------------|----------------|
| Trade and other receivables from exchange transactions | 568,613        | 568,613        |
| Cash and cash equivalents                              | 164,270        | 164,270        |
|  | <b>732,883</b> | <b>732,883</b> |

#### Financial liabilities

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand

|  | 2016 | 2015 |
|--|------|------|
|--|------|------|

### Financial instruments disclosure (continued)

|   | At fair value     | Total             |
|---|-------------------|-------------------|
| Trade and other payables from exchange transactions | 34,848,609        | 34,848,609        |
| Bank overdraft                                      | 5,039,502         | 5,039,502         |
|   | <b>39,888,111</b> | <b>39,888,111</b> |

### 19. Commitments

#### Authorised capital expenditure

##### Contracted for and authorised

|  |                   |                  |
|--|-------------------|------------------|
| • Property, plant and equipment                                | 15,399,554        | 6,406,638        |
| • Investment property  | -                 | -                |
| • Biological assets that form part of an agricultural activity | -                 | -                |
|  | <b>15,399,554</b> | <b>6,406,638</b> |

##### Total capital commitments

|                               |            |           |
|-------------------------------|------------|-----------|
| Contracted for and authorised | 15,399,554 | 6,406,638 |
|-------------------------------|------------|-----------|

#### Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the entity 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.

### 20. Contingencies

There are currently no litigations against the municipality.

### 21. Related parties

#### Related party transactions

##### Rent paid to (received from) related parties

|  |         |         |
|--|---------|---------|
| Rustenburg Local Municipality. The rental paid to Rustenburg Local Municipality is in respect of offices building rented to Bojanala Platinum District Municipality. This related party transaction is disclosed as a result of the rental amount paid to rustenburg local municipality is considered to be lower than a market related value. | 508,926 | 443,088 |
|  | -       | -       |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

Figures in Rand 2016 2015

### 22. Prior period errors

1. During an assessment of the payables relating to the financial period ending 30 June 2015, it was discovered that some of the payables were incorrectly account for and therefore as a result, VAT was also affected, hence the reduction in Value Added Tax.

2. After a detailed assessment of working progress in the previous financial year period ended 30 June 2015, management discovered that some of the projects were incorrectly capitalised in the books of the Bojanala Platinum district municipality, when they were direct project of the local municipality, hence a decrease in Property, plant and equipment.

3. Management performed a detailed analysis of the account payable and determined that most of the balances on payables were as a result of incorrect journals and misallocations in the previous financial years, hence a decrease in the account payables relating to the financial year ended 30 June 2015.

4. An increase in other liabilities are as a result of re-classification of the finance lease into operating lease as a result of new information that surfaced at year end, which was discovering that the lease payments that have been paid to Consesus are actually rental payments and the owner of the machine retains all rights of the assets even after its life span, hence an increase in the 2014/15 financial year.

5. Management reviewed a process of integration between payroll system "PAY-DAY" and the accounting system of the municipality which is "PASTEL" and it was discovered that some of the votes are incorrectly linked in Pastel as compared to payroll system and hence a balance in this account which are accruals.

6. An increase in general expense in the previous financial year comes as a result of detailed analysis performed on payables, which was an exercise of clearing incorrect balances, hence an increase in general expense in 2014/15 period and the same explanation relates to a movement on repairs and maintenance.

7. Movement in prior depreciation is a result of life span assessment of property, plant and equipment and therefore re-stating some of the assets retrospectively, and this exercise includes assets that were sitting at zero value at end of the 2015/16 financial period, hence a decrease in prior year depreciation.

8. Management reviewed classification of leases relating to machines which was previously disclosed as finance lease. It was confirmed after a detailed review of finance lease contract, that rights and obligation of the printing machines leased, remains with the contractor at the end of the machines' life span.

9. Contracted services which was disclosed in the 2015 financial statements is re-named to Lease Rental after reclassifying an amount of security services to General Expenses. Refer to General Expense note for a Protection services relating to security payments.

### Statement of Financial Position

|  | 30 June 2016 -<br>Comparatives | 30 June 2015<br>as Reported | Prior Year<br>Adjustment |
|--|--------------------------------|-----------------------------|--------------------------|
| Receivables from exchange transactions | 358,369                        | 326,106                     | 32,263                   |
| VAT receivable                         | 2,139,236                      | 2,089,571                   | 49,665                   |
| Cash and cash equivalent               | 164,270                        | 164,270                     | -                        |
| Property, plant and equipment          | 44,342,065                     | 42,737,263                  | 1,604,802                |
| Intangible assets                      | 19,187                         | -                           | 19,187                   |
| Finance lease obligation               | -                              | (839,077)                   | 839,077                  |
| Payables from exchange transactions    | (29,632,854)                   | (30,430,993)                | 798,139                  |
| Provisions                             | (16,588,719)                   | (19,232,751)                | 2,644,032                |
| <b>Net Assets</b>                      | <b>801,554</b>                 | <b>(5,185,611)</b>          | <b>5,987,165</b>         |

### Statement of Financial Performance

|                                 | 30 June 2016 -<br>Comparatives | 30 June 2015<br>as Reported | Prior Year<br>Adjustment |
|---------------------------------|--------------------------------|-----------------------------|--------------------------|
| Government grants & subsidies   | (269,208,995)                  | (271,657,995)               | 2,449,000                |
| Other Income                    | (683,143)                      | (683,143)                   | -                        |
| Interest Received on Investment | (1,361,046)                    | (1,361,046)                 | -                        |
| Employee related costs          | 135,039,892                    | 138,557,087                 | (3,517,195)              |
| Remuneration of councillors     | 14,141,705                     | 14,304,013                  | (162,308)                |

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand                            | 2016              | 2015              |                    |
|--|-------------------|-------------------|--------------------|
| <b>22. Prior period errors (continued)</b> |                   |                   |                    |
| Depreciation and amortisation              | 4,498,657         | 6,265,398         | (1,766,741)        |
| Impairment Loss                            | 1,950,644         | 1,950,644         | -                  |
| Repairs and Maintenance                    | 1,769,542         | 1,817,569         | (48,027)           |
| Contracted services/ Lease Rental          | 8,412,625         | 14,977,925        | (6,565,300)        |
| Grants and Subsidies Paid                  | 89,938,893        | 91,790,246        | (1,851,353)        |
| General Expenses                           | 40,857,172        | 34,957,154        | 5,900,018          |
| Gains or Loss on disposal of assets        | 51,890            | 41,188            | 10,702             |
| <b>Surplus for the year</b>                | <b>25,407,836</b> | <b>30,959,040</b> | <b>(5,551,204)</b> |

### 23. Risk management

#### Financial risk management

The municipality's activities expose it to a variety of financial risk; Credit risk and Market Risk( including interest rate risk) and Liquidity risk.

The municipality's overall risk management program is enforce its mandate of development and implementation of an intergrated risk management strategy whose major objective is to encourage best practice within an evolving government service delivery strategy, while minimising the risks and ensuring that Municipality meet its objective..

Risk management is carried out by the risk committee under policies approved by the accounting officer. The risk committee identifies and assesses financial risk in close co-operation with the municipal council. Risk committee provides the written risk management strategy covering all specified areas of risk.

#### Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, entity treasury maintains flexibility in funding by maintaining availability under committed credit lines.

### 24. Going concern

We draw attention to the fact that at 30 June 2016, the entity had accumulated surplus of R 2,830,952 and that the entity's total assets exceed its liabilities by R 5,573,609.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the director continue to procure funding for the ongoing operations for the entity. Although certain going concern ratios may appearunfavourable, the entity will continue to receive funding from the government as evident from equitable share allocation in terms of the Division of Revenue Act.

### 25. Events after the reporting date

There were no events identified after reporting date which would have adjusting and non-adjusting impact.

### 26. Unauthorised expenditure

|  |                   |                   |
|--|-------------------|-------------------|
| Unauthorised expenditure - Opening balance | 75,115,106        | 49,126,201        |
| Current year                               | 5,424,249         | 25,988,902        |
|  | <b>80,539,355</b> | <b>75,115,103</b> |

Refer to Appendix E1 for details of Unauthorised Expenditure

# BOJANALA PLATINUM DISTRICT MUNICIPALITY

Financial Statements for the year ended 30 June 2016

## Notes to the Financial Statements

| Figures in Rand  | 2016              | 2015              |
|--|-------------------|-------------------|
| <b>27. Fruitless and wasteful expenditure</b>  |                   |                   |
| Opening balance  | 553,506           | -                 |
| Fruitless and wasteful expenditure - Movement  | -                 | 553,506           |
|  | <b>553,506</b>    | <b>553,506</b>    |
| <b>28. Irregular expenditure</b>   |                   |                   |
| Opening balance  | 64,210,920        | 49,045,793        |
| Add: Irregular Expenditure - current year  | 6,938,426         | 15,165,127        |
|  | <b>71,149,346</b> | <b>64,210,920</b> |
| <p>Irregular expenditure was incorrectly disclosed in the previous financial years inclusive of VAT. The effect of this error resulted in irregular expenditure for 2014 decreasing by R686,820.</p> |                   |                   |
| <b>29. Additional disclosure in terms of Municipal Finance Management Act</b>  |                   |                   |
| <b>Contributions to organised local government</b>   |                   |                   |
| Current year subscription / fee  | 1,306,541         | 1,233,930         |
| Amount paid - current year   | (1,306,541)       | (1,233,930)       |
|  | -                 | -                 |
| <b>Audit fees</b>  |                   |                   |
| Current year subscription / fee  | 3,103,184         | 2,582,519         |
| Amount paid - current year   | (3,103,184)       | (2,582,519)       |
|  | -                 | -                 |
| <b>PAYE and UIF</b>  |                   |                   |
| Current year subscription / fee  | 27,338,948        | 23,698,752        |
| Amount paid - current year   | (27,338,948)      | (23,698,752)      |
|  | -                 | -                 |
| <b>Pension and Medical Aid Deductions</b>  |                   |                   |
| Current year subscription / fee  | 37,413,494        | 32,244,145        |
| Amount paid - current year   | (37,413,494)      | (32,244,145)      |
|  | -                 | -                 |

## Appendix E(1)

### Year to Date

|  | Current year<br>2015<br>Act. Bal.<br>Rand | Forecast # 1<br>2016<br>Adjusted<br>budget<br>Rand | Variance<br>Rand | Var    | Explanation of Significant Variances<br>greater than 10% versus Budget |
|--|---|--|------------------|--------|--|
| Revenue  |   |  |                  |        |  |
| Other income 1   | 1,942,977                                 | 150,000  | 1,792,977        | 195.3  |  |
| Interest received -<br>investment  | 2,637,041                                 | 1,000,000  | 1,637,041        | 163.7  |  |
|  | 4,580,018                                 | 1,150,000  | 3,430,018        | 298.3  |  |
| Expenses   |   |  |                  |        |  |
| Personnel  | (146,373,527)                             | (140,175,638)                                      | (6,197,889)      | 4.4    | Yearly SALGA increases   |
| Remuneration of<br>councillors   | (13,720,823)                              | (16,262,148)                                       | 2,541,325        | (15.6) |  |
| Depreciation   | (4,336,695)                               | (4,151,384)  | (185,311)        | 4.5    |  |
| Impairment Loss  | (72,297)                                  | -  | (72,297)         | -      |  |
| Repairs and Maintenance  | (1,809,900)                               | (1,995,299)  | 185,399          | (9.3)  |  |
| Contracted Services  | (10,921,707)                              | (8,182,500)  | (2,739,207)      | 33.5   |  |
| Transfers and Subsidies  | (81,867,665)                              | (84,565,190)                                       | 2,697,525        | (3.2)  |  |
| General Expenses   | (48,013,119)                              | (40,422,485)                                       | (7,590,634)      | 18.8   |  |
|  | (307,115,733)                             | (295,754,644)                                      | (11,361,089)     | 3.8    |  |
| Other revenue and costs  |   |  |                  |        |  |
| Gain or loss on disposal<br>of non-current assets held<br>for sale or disposal<br>groups | 1,079,408                                 | -  | 1,079,408        | -      |  |
|  | 1,079,408                                 | -  | 1,079,408        | -      |  |
| Net surplus/ (deficit) for<br>the year   | (301,456,307)                             | (294,604,644)                                      | (6,851,663)      | 2.3    |  |